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FIFTY-SIXTH ANNUAL REPORT

OF THE

BOARD OF DIRECTORS

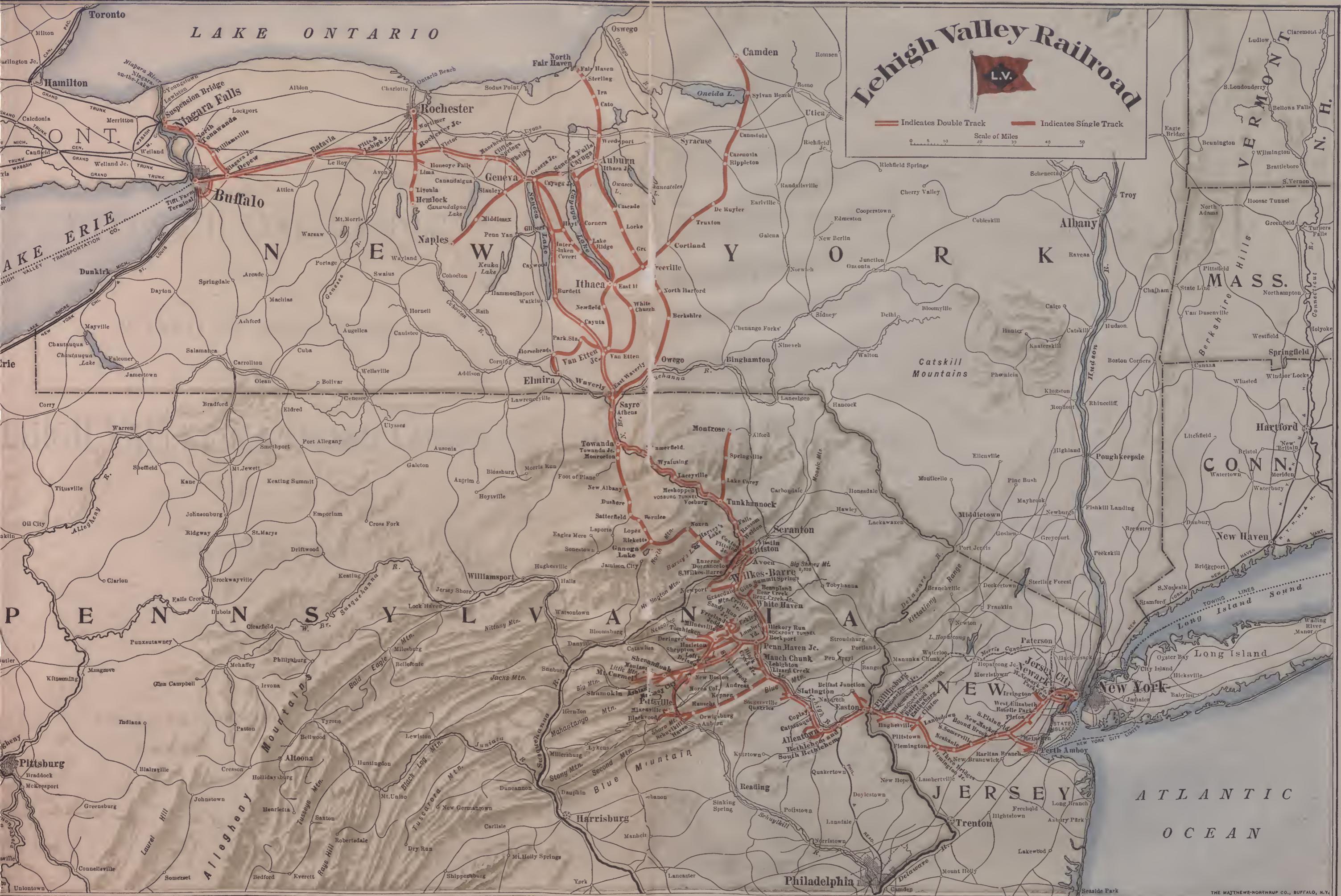
OF THE

LEHIGH VALLEY RAILROAD COMPANY

TO THE

STOCKHOLDERS

FISCAL YEAR ENDED JUNE 30, 1910

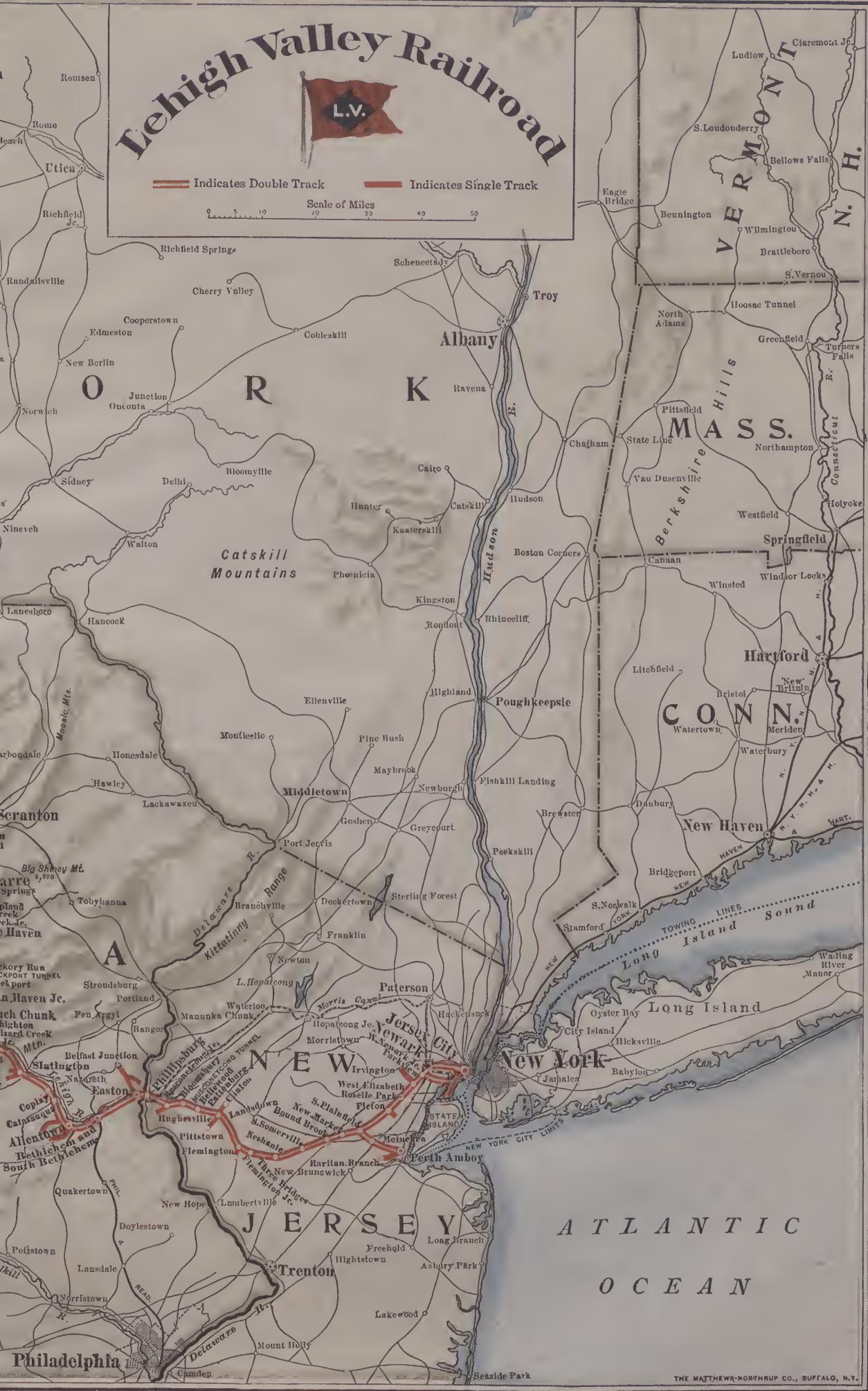


Lehigh Valley Railroad



— Indicates Double Track — Indicates Single Track

Scale of Miles
0 5 10 15 20 25 30 35 40 45 50



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FISCAL YEAR ENDED JUNE 30, 1910

LEHIGH VALLEY RAILROAD COMPANY

BOARD OF DIRECTORS

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FIFTY-SIXTH ANNUAL REPORT

PHILADELPHIA, August 10, 1910.

To the Stockholders of the
LEHIGH VALLEY RAILROAD COMPANY:

The Board of Directors herewith submit the fifty-sixth annual report of the business of your Company for the fiscal year ended June 30, 1910.

MILEAGE

The first track mileage owned or controlled and operated by the Lehigh Valley Railroad Company, the main line of which is double track, extending from Jersey City, N. J., to Buffalo and Suspension Bridge, N. Y., is as follows:—

	MILES
Owned, or controlled by ownership of entire capital stock	1,242.74
Controlled by ownership of majority of capital stock	115.37
Controlled by leases	27.88
 Total mileage operated (owned and controlled)	 1,385.99
Trackage rights over railroads owned by other companies	47.03
 Total first track mileage	 1,433.02

Of the above 597.19 miles, or 41.67 per cent. have second track, 62.24 miles have third track and 27.86 miles have fourth track. There are also 1,141.12 miles of yard tracks and sidings on the system, making a total of 3,261.43 miles of track in operation at the close of the year. The average number of miles of railway operated for the year, and upon which the mileage statistics in certain tables submitted in this report are based, was 1,440.25.

The decrease of 8.29 miles of first track and the increase of 9.13 miles of second track are due principally to a re-arrangement of the Deringer and Tomhicken Branches, heretofore operated as single track lines, which has enabled the use of a portion of the Deringer Branch as the second track of the Tomhicken Branch. The only other changes of importance in the mileage are those resulting from the construction of 5.77 miles of additional third and fourth track, mention of which is made elsewhere in this report.

OPERATING REVENUES AND EXPENSES

The gross operating revenues for the year, not including other income, amounted to \$36,167,398.17, an increase of \$3,029,565.96, or 9.14 per cent., over the preceding year, and are the largest in the history of the Company. It may be pointed out that the increases in revenue have occurred, with one exception, in each month of the year during a period when the general business of the country has not, to any appreciable extent, advanced, but on the other hand has during the last few months shown some evidence of receding. While the solicitation of both passenger and freight traffic has been actively carried on in competition with other lines, the increase may in large measure be ascribed to the high character of service rendered shippers and the traveling public, your management having consistently sought to improve the service, believing, as has undoubtedly been the case, that the revenues would respond to the improvement in the service.

Notwithstanding the high character of the service rendered and with a liberal allowance for maintenance and depreciation of the property, the operating expenses have increased but \$1,108,410.93, or 5.39 per cent., over the preceding year, and are actually lower than for the fiscal years 1907 and 1908, when the earnings closely approximated those of the present year. It is particularly gratifying to observe that the expenses have been so controlled that the major portion of the increase in gross earnings has been retained in the net operating revenue, making the total of the latter \$929,134.85 in excess of the best previous year. It is also pertinent to state that these results have been attained during a year when practically all the elements of cost entering into the expense of operation have materially advanced. One of the most serious of these is the increase in rates of wages granted to all classes of employees. While this has affected the results for the year it has only been in the latter months, as the more important increases did not apply until after January 1st.

The ratio of operating expenses to operating revenues was 59.95 per cent., a decrease of 2.14 per cent., as compared with the preceding year.

The following statement shows the gross revenues, expenses and net revenue from the operation of the entire system for the fiscal year, not including other income, compared with similar figures for the fiscal year 1909. The complete income account appears on page 26.

GROSS OPERATING REVENUES

FROM	1910	1909	INCREASE	DECREASE
Coal freight	\$15,821,797 62	\$14,831,670 78	\$990,126 84	. . . . .
Merchandise freight	14,757,799 34	13,291,830 90	1,465,968 44	. . . . .
Passenger	4,330,172 45	3,905,062 74	425,109 71	. . . . .
Mail	193,859 75	209,899 01	. . . . .	\$16,039 26
Express	462,437 70	406,225 72	56,211 98	. . . . .
Other transportation	356,165 22	307,725 75	48,439 47	. . . . .
Miscellaneous	245,165 09	185,417 31	59,748 78	. . . . .
Total operating revenues	\$36,167,398 17	\$33,137,832 21	\$3,029,565 96	. . . . .

OPERATING EXPENSES

	1910	1909	INCREASE	DECREASE
Maintenance of way and structures.	\$3,462,903 41	\$3,273,339 47	\$189,563 94	. . . . .
Maintenance of equipment	5,995,810 09	5,832,430 15	163,379 94	. . . . .
Traffic expenses.	918,720 11	810,293 00	108,427 11	. . . . .
Transportation expenses	10,593,565 10	9,949,909 59	643,655 51	. . . . .
General expenses	713,148 52	709,764 09	3,384 43	. . . . .
Total operating expenses.	\$21,684,147 23	\$20,575,736 30	\$1,108,410 93	. . . . .
NET OPERATING REVENUE	\$14,483,250 94	\$12,562,095 91	\$1,921,155 03	. . . . .
Ratio of operating expenses to operating revenues.	59.95%	62.09%	. . . . .	2.14%

OPERATING REVENUES

COAL FREIGHT

The revenue derived from the transportation of coal, including coke, amounted to \$15,821,797.62, an increase of \$990,126.84, or 6.68 per cent., as compared with the previous year. Although the volume of bituminous coal offered for transportation has not been particularly heavy, the revenue from that class of traffic, as well as from anthracite, has shown a substantial increase.

The percentage of coal freight revenue to total operating revenues was 43.75 per cent., a decrease of 1.01 per cent.

The coal and coke tonnage transported, not including supply coal, amounted to 14,034,396 tons, an increase of 761,260 tons, or 5.74 per cent.

The number of tons moved one mile amounted to 2,165,127,775, an increase of 147,514,126 ton miles, or 7.31 per cent.

The average haul increased from 152.01 to 154.27 miles, an increase of 2.26 miles, or 1.49 per cent.

The coal tonnage was 51.63 per cent. of the total tonnage hauled during the year, as compared with 53.39 per cent. for the previous year, being a decrease of 1.76 per cent.

MERCANDISE FREIGHT

The transportation of merchandise freight produced a revenue of \$14,757,799.34, an increase of \$1,465,968.44, or 11.03 per cent., as compared with the preceding year. It is of interest to note that the increase in merchandise freight has been greater than in the case of coal freight. While every effort has been made to increase the latter, it has been the policy of your management in recent years to develop especially the merchandise traffic.

The percentage of revenue derived from the transportation of merchandise freight to total operating revenues was 40.80 per cent., an increase of .69 per cent.

The tonnage moved, exclusive of Company's material, was 13,147,141 tons, an increase of 1,561,072 tons, or 13.47 per cent.

The number of tons carried one mile amounted to 2,571,430,189, an increase of 191,234,501 ton miles, or 8.03 per cent.

The average haul decreased from 205.44 to 195.59 miles, a decrease of 9.85 miles, or 4.79 per cent.

GENERAL FREIGHT

The total revenue from both coal and merchandise freight was \$30,579,596.96, an increase of \$2,456,095.28, or 8.73 per cent., as compared with the previous twelve months.

The entire freight traffic amounted to 27,181,537 tons, being an increase of 2,322,332 tons, or 9.34 per cent.

The number of tons carried one mile was 4,736,557,964, an increase of 338,748,627 ton miles, or 7.70 per cent.

The average distance carried was 174.26 miles, a decrease of 2.65 miles, or 1.50 per cent.

The average revenue per ton was 112.50 cents, as against 113.13 cents last year, being a decrease of .63 cent, or .56 per cent.

Company's freight, not included in the above, amounted to 2,718,057 tons, an increase of 479,102 tons, or 21.40 per cent.

The total freight train mileage was 8,733,264 miles, an increase of 516,845 miles, or 6.29 per cent.

Revenue received per freight train mile was \$3.50, as compared with \$3.42, being an increase of \$0.08, or 2.34 per cent.

The average train load of revenue freight was 542.36 tons, an increase of 7.11 tons, or 1.33 per cent. Including Company's freight, the average train load was 561.51 tons, as against 553.13 last year, an increase of 8.38 tons, or 1.52 per cent.

The average number of tons of revenue freight in each loaded car was 22.65 tons, a decrease of .20 ton, or .88 per cent. Including Company's freight, the average carload was 23.45 tons, a decrease of .17 ton, or .72 per cent.

PASSENGER

The receipts from passenger traffic amounted to \$4,330,172.45, an increase of \$425,109.71 or 10.89 per cent., as compared with the previous year. Following a recent decision by the Supreme Court of the State of Pennsylvania as to the law enacted by that State in 1907 reducing the rates of fare to a maximum of two cents per mile, the passenger rates in Pennsylvania in effect prior to that law will be restored.

The total number of passengers carried was 5,172,961, an increase of 296,160 or 6.07 per cent.

The number of passengers carried one mile increased 24,289,815 or 10.88 per cent.

The average revenue per passenger was 83.71 cents, an increase of 3.64 cents, or 4.55 per cent.

The average revenue per passenger per mile was 1.749 cents, showing no change as compared with the previous year.

The average distance traveled by each passenger was 47.86 miles, an increase of 2.07 miles, or 4.52 per cent.

Passenger train mileage was 4,150,858, an increase of 136,076 miles, or 3.39 per cent., whereas the traffic increased 10.89 per cent.

The revenue from passengers per passenger train mile was 104.32 cents, an increase of 7.05 cents, or 7.25 per cent. The average number of passengers per train was 59.65 an increase of 4.03, or 7.25 per cent., and the average number of passengers per car was 17.24, an increase of .63, or 3.79 per cent.

MAIL

The pay received for the transportation of United States mails amounted to \$193,-859.75, a decrease of \$16,039.26, due entirely to the change in the method employed by the Government in arriving at the average amount of mail carried at the time of the re-weighing, which occurred last year; the new rates becoming effective at the beginning of the fiscal year.

EXPRESS

The express revenue amounted to \$462,437.70, an increase of \$56,211.98.

OTHER TRANSPORTATION

The revenue derived from transportation other than that shown under the preceding headings was \$356,165.22, an increase of \$48,439.47.

MISCELLANEOUS

Miscellaneous revenue amounted to \$245,166.09, an increase of \$59,748.78.

OPERATING EXPENSES

MAINTENANCE OF WAY

The expenditures for maintenance of way and structures amounted to \$3,462,903.41, an increase of \$189,563.94, or 5.79 per cent., over the preceding year. The property has been fully maintained at its usual high standard.

During the year six new bridges were constructed of steel. Twenty-eight steel bridges and ten concrete-steel bridges, replacing light iron or wooden bridges, were built. Eleven small bridges were replaced by pipe culverts and eight bridges abandoned and the openings filled. Three wooden overhead highway bridges were replaced by steel bridges and one removed.

Bridges on the Auburn and Ithaca Branch have been renewed and strengthened, enabling the use of heavier power on that section of the road.

The policy of laying drain tile in wet cuts has been continued on a large scale, 60,378 feet being used during the year, resulting in a more stable roadbed with lower cost of maintenance.

122,117 cubic yards of crushed stone were used for the purpose of fully ballasting additional track and repairing tracks previously ballasted with stone.

164,577 feet, or 31.17 miles, of Company's sidings and 23,390 feet, or 4.43 miles, of industrial sidings were constructed.

18,214 tons of new 90-pound rail, together with necessary frogs, switches, etc., were placed in the track.

322,793 tie plates were used.

544,747 cross ties, 1,587,000 feet B. M. switch ties, 691,389 feet B. M. bridge ties and lumber amounting to 2,450,976 feet B. M. were used during the year.

24.20 miles of telegraph and telephone pole line were rebuilt and 63.00 miles reset. 540.50 miles of new copper, 47.10 miles of new iron, 59.79 miles of second-hand copper and 15.30 miles of second-hand iron wire were used in extending telephone, telegraph and signal wires. 54.40 miles of iron wire were used in replacing worn-out wires in the same service.

Pier B, Jersey City, destroyed by fire in March, 1909, was restored as an open pier at a cost of \$45,430.

In order to enable large vessels to reach the ore and coal dock at the Tifft Farm Terminal a channel 22 feet in depth is being dredged, for which \$20,525 has been expended.

MAINTENANCE OF EQUIPMENT

The total expenses for the maintenance of equipment during the year amounted to \$5,995,810.09, an increase of \$163,379.94, or 2.80 per cent., as compared with the previous twelve months. This increase is due principally to the extensive repairs made to the freight equipment generally as a result of the increased traffic handled by the Company. The equipment is in excellent condition and reflects the wisdom of liberal expenditures for maintenance during past years. Included in the expenses for the year is an arbitrary charge of \$1,004,698.58 for depreciation of equipment, in compliance with the accounting regulations of the Interstate Commerce Commission.

New equipment was purchased during the year and charged to Additions and Betterments. The equipment acquired consisted of twenty freight and eight switching locomotives, eleven hundred 100,000-pounds capacity steel gondola cars, nine hundred 80,000-pounds capacity steel underframe box cars, one hundred and fifty steel underframe refrigerator cars, two hundred steel underframe automobile cars and eleven caboose cars. Two steam wrecking cranes, four locomotive cranes, one electric magnet crane and one spreader car were also purchased. In addition orders were placed for eighteen steel passenger coaches, ten passenger locomotives, five switching locomotives and other equipment, delivery of which will be made during the early part of the next fiscal year.

Twenty-seven worn-out locomotives were disposed of and their book value written off by an appropriate charge through Operating Expenses.

Three passenger coaches, one combination passenger and baggage car, 562 freight equipment cars and 220 road service cars were condemned and destroyed during the year.

Three chair cars were converted into passenger coaches and one combination car into a baggage and mail car. Four passenger coaches and seventeen freight equipment cars were transferred to road service.

Seven hundred and sixty-nine locomotives received heavy and general repairs, an increase of forty-four over the previous year.

Fifteen passenger equipment cars were rebuilt, one dining car was remodeled, and two baggage and mail cars rebuilt to conform to Government requirements.

Four hundred and thirty-four passenger equipment cars were painted and varnished, five equipped with wide vestibules, and five with standard steel platforms. Twenty-one passenger cars were equipped with new standard steps and five with new steel trucks.

Steel underframes were applied to 2,700 wooden freight cars, making a total of 3,532 cars so equipped during the last two years. The cost of doing this work has necessarily increased the expense for repairs, but will be more than offset by a considerable saving hereafter in maintenance. 23,247 freight equipment cars received heavy repairs.

The total number of locomotives at the end of the year was 874 with a tractive power of 24,254,993 pounds, an increase of 551,943 tractive pounds. The total number of freight equipment cars was 44,158 with a capacity of 1,595,667 tons, an increase of 1,782 cars and 89,872 tons.

TRAFFIC EXPENSES

The expenditures under this heading amounted to \$918,720.11, an increase of \$108,427.11 over the previous twelve months. This is due to increased expenditures for the solicitation of passenger and freight traffic, the establishment of additional agencies for this purpose and a more liberal appropriation for advertising, all of which have materially aided in increasing the business. The cost of printing and filing tariffs as required by law has also increased these expenses.

TRANSPORTATION EXPENSES

The total cost of conducting transportation was \$10,593,565.10, an increase of \$643,655.51 or 6.47 per cent., as compared with the preceding year. The higher rates of wages paid employes is the principal reason for the increase in this class of expense. The ratio of transportation expenses to total operating revenues was 29.29 per cent., as compared with 30.03 per cent. last year, a decrease of .74 per cent.

GENERAL EXPENSES

The expenses for general administration amounted to \$713,148.52, an increase of \$3,384.43, or .48 per cent., over the previous year. While the general increase in rates of wages granted by the Company to employes had a serious effect on these expenses, it has, to some extent, been offset by reductions made in other directions.

TAXES

The taxes accrued on your property and business during the year amounted to \$1,106,761.89 or 3.06 per cent. of the Company's revenue, an increase of \$27,385.66 over the preceding year.

FLOATING EQUIPMENT

The floating equipment of the Company has been thoroughly maintained and increased by the purchase of seventeen coal barges and one 23-car steel float. One work boat was built for use in New York Harbor. Orders have been placed for additional equipment consisting of two steel car floats, a steel tug and open lighters and barges. One steam lighter has been converted into a fueling vessel; one barge, covered by insurance, was abandoned to underwriters as the result of an accident, and one old car float was sold.

The floating equipment in New York Harbor or engaged in coastwise business was as follows:—

20 tugs	5 steam lighters	212 barges
25 car floats	3 cattle floats	1 hoisting boat
4 work boats	1 wrecking boat	1 fuel lighter

Extensive repairs were made to the equipment comprising the fleet on the Great Lakes. The vessels, all of which are of steel, are as follows:—

NAME.	CAPACITY.
Wilkes-Barre.....	6,000 tons
Mauch Chunk.....	6,000 "
Bethlehem.....	3,000 "
Seneca.....	3,000 "
Saranac.....	3,000 "
Tuscarora.....	3,000 "

ADDITIONS AND BETTERMENTS

Liberal expenditures were made throughout the year for the acquirement of additional property and facilities and for the improvement and development of existing property. The total expenditures for additions and betterments amounted to \$5,205,205.10, of which \$843,877.30 was deducted from Income. This policy of liberal expenditures for improvements must continue in such measure as the resources and business of the Company will, from time to time, justify, if your property is to be fully developed and its earning capacity increased. With the exacting demands upon railroads in the matter of service, it is of prime importance to provide facilities for the prompt movement and delivery of freight, not only to retain the present traffic, but to provide for its increase. Of equal importance are those expenditures which must be made for the removal of grades, reduction of curves, extension of third and fourth tracks, enlargement of yards and improvement of terminals to offset the constantly increasing cost of transportation.

Your Board has recently authorized the construction of a single track branch from Lumber Yard to a connection with the main line at Hays Creek, a distance of about twelve miles, with the necessary classification yard, engine house, shop for light car repairs and fuel and water facilities, at an estimated cost of \$1,500,000. The construction of this line will materially reduce the cost of operation by providing a shorter route for westbound traffic from the Mahanoy and Hazleton regions, and by enabling the classification of coal shipments in the vicinity of the mines, thus avoiding the congestion at Paekerton and the reverse movement at Penn Haven Junction. In addition to facilitating the movement of freight by reducing the distance to be hauled, the new line will remove a large volume of traffic from a part of the road where very heavy grades are now encountered. The construction of this branch will also obviate the necessity for additional yard tracks at Penn Haven Junction, which would soon be needed to relieve what threatens to become a serious congestion at that point. The final surveys are now being made preliminary to the active construction of this new branch, which will be prosecuted in such a manner as to enable the economical double tracking thereof at a later date, if deemed advisable.

Surveys are also being made for double tracking the line between Laurel Junction and Silver Brook Junction, a distance of about six miles, the construction of which will shortly be commenced. This line connects at both ends with double track, and in addition carries the traffic of the New Boston Branch, with the result that it is badly congested. The proposed improvement is necessary not only to facilitate the movement of the present traffic, but to provide for the increase which will result from the opening of the Lumber Yard-Hays Creek Branch. When this work is completed your Company will have a continuous double track line from Mount Carmel and Gum Run Junction to Lumber Yard.

The work of extending third and fourth tracks through congested territory has been actively continued. Extensions from Redington to Richards Farm, a distance of 1.91 miles, and from Gap Junction to a point west of Fullerton, including a change of alignment at the latter point, a distance of 1.38 miles, are completed and the tracks in service, making a continuous four-track system in this section of 15.89 miles. A further extension from Fullerton to Cementon, a distance of 4.29 miles, is in course of construction. The aggregate expenditures during the year were \$293,809.

In extending the four-track system through South Bethlehem, a decided improvement in the alignment is being made by eliminating a sharp reverse curve in the main line. This will also render available space for an ultimate yard development of 1250 cars capacity. The expenditures on this account were \$61,304.

An extension was also made of the fourth track from Park Avenue, South Plainfield, to Potters, a distance of two miles, completing the four-track line in this territory from New Market to Potters, a distance of six miles. In connection with this work one and a quarter miles of the track east of Potters was raised a maximum of eight feet, effecting a considerable reduction in the grade. The total expenditures for this improvement were \$43,378.

A receiving track 2.4 miles long was constructed at the west end of Perth Amboy Yard and four additional tracks were laid, increasing the capacity of the yard by 350 cars,

at a cost of \$38,984. This has rendered possible a saving in expenses by reducing the switching.

To relieve the sidings and yard tracks and provide storage for cars awaiting repairs, storage tracks were laid in Sayre yard, with a capacity of 250 cars, at an expense of \$6,186.

Revisions of line were made, eliminating sharp reverse curves at McShoppen and Kit-tredge, at an expense of \$80,596. At the former point the tracks were changed for a distance of 3,000 feet, and at the latter point for a distance of 2,600 feet.

Owing to the surface sinking, due to mining operations of outside companies, it became necessary to re-grade the track between Shenandoah Junction and Packer No. 4 Colliery, and in connection therewith the alignment was improved. The work was started during the previous fiscal year and is now practically completed, the total cost to date being \$53,885.

Additional tracks were constructed at the Tifft Farm Terminal, the cost being \$40,948. This has enabled an interchange at that point instead of at East Buffalo with connecting railroads, effecting a considerable saving in expenses. It has also afforded the necessary additional room in which to make up solid trains for eastern terminals, thereby reducing the switching expense at intermediate yards.

The construction of the new high grade line at Greenville, mentioned in the last annual report, was completed soon after the close of the year, and the same is now in operation. The total amount expended on this work to date is \$384,594.

At West Danby the work of changing the alignment, which has been in progress for some time, was completed, the expenditures for the year amounting to \$41,192. The change in track covered a distance of about one mile and has reduced the curvature by 109 degrees.

The Tomhicken and Deringer Branches, heretofore operated as single track lines, have by the construction of an additional track between Long Run Junction and Cranberry Junction, a distance of 1.4 miles, and by the use of the Pennsylvania Railroad tracks between Tomhicken and Gum Run, been put in operation as a double track line between Hazleton Junction and Gum Run, a distance of 10.4 miles.

The Perth Amboy Branch has been equipped with upper quadrant automatic block signals. Block signals have also been installed at Oneida Junction, Audenried and Delano Yard, and a new interlocking plant at the outlet of the westbound yard at Packerton. Additions were made to the plants at South Plainfield and South Easton. One five-track and two four-track signal bridges have been erected.

A combined heating and electric lighting plant was built at Wilkes-Barre to furnish heat for the passenger and freight station and coaches, and lighting for the various buildings and platforms, at a cost of \$11,660.

New combined passenger and freight stations were erected at Honeoye Falls, East Waverly and Interlaken, and a new passenger station at Freeville, the aggregate cost being \$39,466.

The freight station and yard at Allentown were raised and the driveways paved with stone. A new freight transfer platform was also constructed with a modern fire protection system. Team delivery tracks and stone paved driveways were installed at South Bethlehem and Ithaca.

A large capacity air compressor was purchased for use at South Easton shop, at a cost of \$11,120, and an electric battery renewal plant was installed at Packerton at a cost of \$2,051.

Extensive improvements were made to milk shipping stations at Clinton, West Portal, Three Bridges, Jutland, McAdams, Truxton, Groton and Interlaken.

A 30-ton electrically operated crane was installed at the 149th Street Terminal, New York City. Additional facilities were provided at 124th Street, New York City, consisting of a new freight shed, crib and bulkhead, at a cost of \$11,636.

The ore dock at the Tifft Farm Terminal on Lake Erie was improved and two large capacity cranes purchased for loading vessels. A special crane equipped with a magnet was also purchased for handling shipments of pig iron at that location. The cost of this work in connection with an improvement to the Hamburg Turnpike amounted to \$85,312.

Improvements in ash track and engine house facilities have been made at several points to admit of more prompt and economical operation. New concrete coal and ashpits work installed at Lehighton and Delano and a concrete ashpit at Jersey City, all of which are operated with locomotive cranes. Similar cranes have also been provided for use in handling fuel and ashes at Cortland and Auburn. Twelve-inch water cranes were installed at Deep Hollow, Gardners Run and Tagues Eddy, and ten-inch water cranes at Jersey City, Packerton and Hazleton Shops.

Telephone train despatching lines have been installed on the Mahanoy & Hazleton Division and on the New Jersey & Lehigh Division in Pennsylvania, at a cost of \$27,815. Additional lines are in course of construction on the Wyoming, New Jersey & Lehigh and New York Divisions.

FINANCIAL

Your Board of Directors, after due consideration, has deemed it to the best interest of the stockholders to finance the needs of the Company for additional cash funds by the issuance and sale of common capital stock. Accordingly the Board, acting with the approval of the stockholders, given at a special meeting held June 22d, last, has authorized an increase in the common capital stock of the Company from \$40,334,800 to \$80,000,000, and the issuance and sale of \$20,220,550, or 404,411 shares, of such additional stock to shareholders at par, this being in the proportion of one share of new stock to two shares of old stock. This will provide the Company with \$20,220,550 in cash, which will be used to pay the \$6,000,000 Seven Per Cent. Second Mortgage Bonds maturing September 1st, 1910, for the retirement of other obligations and for those expenditures generally which may be necessary to enable the Company to render adequate and proper transportation service in the territory reached by its lines of railroad. The balance of the authorized but unissued common capital stock will be reserved for future needs.

The outstanding obligations of the Company were reduced during the year by the sum of \$2,490,000, representing the maturity of \$1,000,000 Collateral Trust Four Per Cent. Bonds, the retirement of Equipment Trusts Series D and G, amounting to \$500,000, (the payment of the latter series which became due August 1st, 1910, having been

anticipated before the close of the fiscal year), and by the payment of maturing instalments on Series H, I, and J to the amount of \$990,000. The Trust Agreements D and G have been cancelled and the title to the equipment pledged thereunder vested in your Company. There is now outstanding in the hands of the public but one Equipment Trust obligation, Series J, in the sum of \$3,750,000. Equipment Trusts Series H and I are in the treasury and available should occasion arise.

The retirement of the obligations mentioned, together with the maturity of \$6,000,000 Second Mortgage Seven Per Cent. Bonds falling due September 1st, 1910, will effect an annual saving hereafter of \$505,000 in the fixed charges.

The many water operations owned and conducted by your Company, originally acquired for the purpose of protecting and maintaining an adequate water supply for the system, have grown to considerable magnitude and importance. In the development of these properties it has been necessary to advance, from time to time, funds for the enlargement and improvement of the several plants. To provide the additional capital required for the future extension thereof a comprehensive financial plan has been adopted. In connection therewith and to effect that economy which results from concentration, the operations have been placed under the management of one Company, viz.: the Wyoming Valley Water Supply Co., the entire capital stock of which is owned by your Company. This has been accomplished by leasing thereto all the property of the various water companies. The Wyoming Valley Water Supply Co. further acquired by purchase from the Lehigh Valley Railroad Company all of the capital stocks of the Hazleton Water Company, Locust Mountain Water Company, Beaver Meadow Water Company, Blackwood Water Company, Centralia Water Company, Citizens Water Company of Tremont, Delano Water Company, Denison Township Water Company, Drifton Water Company, Oneida Water Company, Tomhicken Water Company, and Wright Township Water Company; also \$300,000 Bonds of the Hazleton Water Company and \$125,000 Bonds of the Locust Mountain Water Company. For the payment thereof the Wyoming Valley Water Supply Co. increased its capital stock from \$1,000 to \$100,000 and created a First Mortgage securing an issue of \$2,000,000 Fifty-Year Five Per Cent. Gold Bonds, the latter secured by a pledge of all of the real estate, water rights, pumping plants, and pipe lines, owned or hereafter acquired, as well as the stocks and bonds above named. The Water Supply Co. delivered to your Company at par its increased capital stock and \$895,000 of its Bonds in payment for the stocks and bonds of the several water companies and for certain advances made to them, not previously reimbursed. The balance of the bonds secured by the Wyoming Valley Water Supply Co. Mortgage will be issued thereunder as additional funds are necessary. The capital stock and bonds received from the Water Supply Co. are in your treasury, the bonds being available for such future needs as may arise.

Complying with the orders of the Interstate Commerce Commission requiring that all additions and betterments made to the property since June 30, 1907, no matter whether paid for out of income or not, be set up as a capital asset, expenditures of that nature made on the line of the Lehigh Valley Railroad Company have been included on the Balance Sheet under Road and Equipment. A large part of the additions and betterments made to the system, however, has been on the property of subsidiary companies in the

names of which the title to the improvements becomes vested. These additions and betterments were, therefore, brought on the books as advances to those companies and have been reimbursed to the Lehigh Valley Railroad Company by the subsidiary companies creating and issuing Fifty-Year Five Per Cent. Gold Debenture Bonds in amounts as follows: The Lehigh Valley Rail Way Company, \$825,000, Lehigh Valley Railroad Company of New Jersey, \$1,200,500, Loyalsoek Railroad Company, \$7,500, Lehigh Valley Transportation Company, \$422,000, Pennsylvania and New York Canal and Railroad Company, \$325,500 and Montrose Railroad Company, \$3,500. These debentures have been placed in the treasury or pledged as collateral under the General Consolidated Mortgage of September 30, 1903, as required thereby.

The Philadelphia Grain Elevator Company, to which your Company has from time to time advanced varying sums of money in promoting the shipping and grain business of the Port of Philadelphia, represented by notes of that Company, underwent a financial reorganization during the year. As a result the notes were taken up by the Elevator Company and \$205,000 of its capital stock was issued and received in lieu thereof.

Your Company sold \$220,000 Bonds of the Mutual Terminal Company of Buffalo, the proceeds being used for capital expenditures.

The charter of the Buffalo, Thousand Islands and Portland Railroad Company, a corporation organized some years ago in connection with the New York Central and Hudson River Railroad Company for the purpose of building an additional line from Buffalo to the Niagara Frontier, having expired by limitation, and the necessity for the construction of such a road having passed, a new corporation, the Fair Land Realty Company, was organized to take over and dispose of in such manner as may be most advantageous the real estate held by the former Company. The capital stock of the Fair Land Realty Company amounts to \$5,000, and is owned one-half each by the New York Central and Hudson River Railroad Company and your Company. The stock of the Buffalo, Thousand Islands and Portland Railroad Company was cancelled and an appropriate entry, charging off its value, was made to Profit and Loss Account.

There have been outstanding for many years five shares of the capital stock of the Schuylkill and Lehigh Valley Railroad Company. These were acquired during the year upon favorable terms and the entire capital stock of that subsidiary company is now owned by your Company.

The form of General Balance Sheet submitted in this report is that prescribed by the Interstate Commerce Commission. The changes therein, whereby the profits of the Company have apparently been increased, are due entirely to orders issued by that Commission prescribing methods of accounting over which your officers have no control. While the methods in certain particulars would seem to be somewhat at variance with conservative accounting and have produced charges to Capital Account which, in the opinion of your management should have—and if left to their discretion would have—been absorbed in Operating Expenses, nevertheless your Company has endeavored to comply in all respects with the various orders issued by the Commission. The most notable innovations ordered in the Balance Sheet are: first, an arbitrary date, June 30, 1907, is taken for the investment account, Road and Equipment; second, all expenditures after that date for investment in road and equipment, or additions and betterments, must be charged to "Investment

since June 30, 1907," whether paid for out of income or not; third, the credit resulting from depreciation of equipment from June 30, 1907, must be deducted from Road and Equipment Account, instead of being available for the replacement of equipment as heretofore; fourth, additions and betterments charged to Income since June 30, 1907, must be restored as above stated and credited to Profit and Loss. These changes necessarily disturb, to a considerable extent, comparisons between the present Balance Sheet and those in previous reports, and although appropriate explanation is hereinafter made of all those increases and decreases in the Company's assets and liabilities which represent material changes as compared with June 30, 1909, no attempt has been made to explain all the apparent discrepancies which are due solely to the adoption of the Commission's classification in place of that heretofore used by your company. In this connection, more or less difficulty has been experienced in interpreting the order requiring a certain classification of the various stocks and bonds owned by the Company, particularly in determining whether securities are marketable or not, and whether those shown as investments might not be available for sale, if the necessity arose.

The Reserve for Acerued Depreciation of \$2,886,720.50 deducted from Road and Equipment Account is in pursuance of the orders of the Interstate Commerce Commission making it necessary to restore to Equipment Replacement Reserve those sums which had been charged to this account for equipment purchased for replacement purposes, in accordance with the Commission's previous orders. The reserve in question, therefore, represents the depreciation acrued by the Company since June 30, 1907, less the amounts applying to equipment taken out of service.

The decrease in the Real Estate Account is due in the main to the requirements of the Interstate Commerce Commission that all real estate owned by the Company and used for railroad purposes be carried in Road and Equipment Account. There was also transferred from Real Estate Account to Advances to Subsidiary Real Estate Companies the cost of certain properties, the titles to which are in the names of the respective real estate companies.

The value of the so-called Coxe Properties decreasing as the coal is mined therefrom, the sum of \$1,000,000 was appropriated from the General Reserve Fund and applied in reducing the book value thereof, as represented by the ownership of the capital stock of Coxe Brothers & Company, Incorporated. In view of the small balance remaining in that Reserve, it has been closed by a transfer to Profit and Loss Account.

The charge of \$49,809 to Profit and Loss Account for property abandoned at Delano is in accordance with the Government's requirements and represents a few antiquated shop buildings, engine house and similar structures, the necessity for which has passed.

The increase in Other Income shown in the item Miscellaneous is due principally to increased per diem charges and interest on the Company's cash funds.

The value of materials and supplies on hand at the close of the year amounted to \$1,895,916.70, a decrease of \$188,282.81.

Working Assets are \$19,498,618.11 in excess of Working Liabilities.

The usual dividends of ten per cent. upon the preferred capital stock and six per cent. upon the common capital stock were declared during the year payable in January and July, 1910, as semi-annual dividends of five per cent. and three per cent., respectively.

Following the usual practice, the accounts of the Company for the fiscal year have been examined and the cash and securities verified by certified public accountants, the result of which is set forth in the accountants' certificate, given on page 21.

GENERAL REMARKS

The conditions now surrounding the railroad operations in this country present an element of uncertainty and apprehension that should receive the sober and earnest reflection of investors generally. Time and experience alone will demonstrate the benefit or harm attending the methods employed by federal and state authorities in the regulation and control of the vast industries of this country. The greater difficulties now encountered in corporate management are apparent to all. The problem of offsetting the increase in rates of wages paid employes and in all of those costs entering into the expense of operation must be met. The logical and business-like solution in this, as in any other occupation, would be an advance in the rates for service performed. If for any reason, however, the gross revenues cannot be so increased, the constantly increasing cost of the service will diminish the net revenue of the Company and it becomes, therefore, of the utmost necessity to effect the greatest possible economies in operation. This problem of keeping the expenses of the Company within reasonable and well-defined limits, without any impairment of its physical well-being, has been given the most careful study and attention by your management and many improved methods and economies have been introduced which have materially reduced the units of cost in various branches of the service.

The policy has been continued of discarding locomotives of small tractive power and obsolete design for heavier power capable of hauling a greater tonnage. Freight cars of limited capacity, expensive to maintain by reason of their age, have been torn down and replaced by steel cars of large capacity. In the case of wooden cars of fair capacity and in generally serviceable condition, steel underframes have been substituted for those of wood. These improvements in the character of the equipment, combined with the reduction in grades and straightening of alignment, a policy which will continue as the future may justify, have resulted in increasing the average number of tons of revenue freight in each train from 485.52 tons for the year 1903 to 542.36 tons, or 56.84 tons. This increase in the trainload naturally results in a corresponding decrease in the cost per ton mile.

The extension of third and fourth track and the construction of additional passing sidings in the territory of greatest traffic density, with the important additions that have been made to yards at terminals, have been of decided benefit in not only reducing the expense for overtime, but in accelerating the movement of trains.

The experiments conducted by the Company in the matter of despatching trains by telephone instead of by telegraph have been successful and on that portion of the road

so equipped the change has resulted in a safe and prompt movement of trains. It is being rapidly extended to all parts of the line.

Notwithstanding the greatest economy, the operation of the Lehigh and New York Railroad has resulted for the year in a further loss of \$126,476.96. This property, as has heretofore been stated, is operated under a lease executed in the year 1895, which has been far from profitable. The matter is a vexatious one in view of the fact that your Company is the owner of a majority of the capital stock of that Company, and also the endorser of \$2,000,000. of its bonds. Every effort is being made to work out a satisfactory solution.

No real estate of any importance was acquired during the year except that needed for extending the third and fourth track system, the enlargement of yards and changes in alignment, in which cases the real estate so acquired has been added to the Road and Equipment Account. The Company recently acquired possession, under a long-term lease from the City of New York, of Pier 34, North River, at the foot of Canal Street. This pier is advantageously located in the center of a district which both originates and receives a large volume of traffic.

The property of the Glen Summit Hotel and Land Company, which passed through foreclosure proceedings as stated in the last annual report, has been sold. Other than a mortgage taken in partial payment, your Company now has no interest in this or any other hotel property.

The matter of encouraging and developing the local freight and passenger business is one that has received active attention and much has been accomplished in this direction by the Industrial Department. The scope of that Department has been considerably broadened and an agricultural expert of reputation has been engaged by the Company, whose duty it is to explain in a practical manner to all interested along the line of the road methods that will produce an increase in the yield of farm products. During the year seventy-four new industries were located on the line of the road, direct track connections being made with twenty-four of them.

56.90 per cent. of the total operating expenses, including outside operations, or \$13,863,851.03, was paid direct to labor, being distributed among an average of 22,469 employes during the year.

The contributions made by the Company to its employes' Relief Fund for the year amounted to \$43,644.33. This Fund was established over thirty years ago for the benefit of injured employes and their families, membership in the same being open to all employes in the service. The Company contributes an amount equal to that paid by the members and assumes the cost of handling and disbursing the Fund. Payments are under the control of the Company, and are made with the approval of a Relief Fund Committee composed of employes.

Messrs. William H. Moore, Daniel G. Reid and Edward S. Moore were elected Directors of the Company, succeeding Messrs. Robert C. Lippincott, George H. McFadden and Irving A. Stearns, whose term of office expired.

The Board desires to acknowledge and thank the officers and employes of the Company for the faithful and efficient services rendered by them during the year.

By order of the Board of Directors,

E. B. THOMAS,

President.

HASKINS & SELLS

CERTIFIED PUBLIC ACCOUNTANTS

30 BROAD STREET

NEW YORK

LONDON, E. C.

30 COLEMAN STREET

CHICAGO

ST. LOUIS

CLEVELAND

PITTSBURGH

MARQUETTE BUILDING THIRD NATIONAL BANK BUILDING WILLIAMSON BUILDING FARMERS BANK BUILDING CLEVELAND PITTSBURGH

CABLE ADDRESS "HASKELLIS".

NEW YORK, August 9, 1910.

Mr. E. B. Thomas, President.

Lehigh Valley Railroad Company.

Philadelphia, Pa.

DEAR SIR:

In pursuance of our engagement, we have audited the books and accounts of the Lehigh Valley Railroad Company for the fiscal year ended June 30, 1910, including confirmation of the accounts representing cash, securities, and notes, either by physical examination of such assets or by obtaining certifications of depositaries and trustees as to their custody; and

WE HEREBY CERTIFY that the accompanying Income Account and Profit and Loss Account for the year and Condensed General Balance Sheet at the close of the year are correct.

Yours truly

(Signed) HASKINS & SELL'S

Certified Bulletin 4



APPENDIX



TABLES

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COMPARATIVE INCOME ACCOUNT FOR THE YEARS ENDED JUNE 30,
1910 AND 1909

TABLE 1

	1910	1909	INCREASE	DECREASE
REVENUE FROM OPERATION:—				
Coal freight revenue	\$15,821,797 62	\$14,831,670 78	\$990,126 84	
Merchandise freight revenue	14,757,799 34	13,291,830 90	1,465,968 44	
Passenger revenue	4,330,172 45	3,905,062 74	425,109 71	
Mail revenue	193,859 75	209,899 01	. . . . .	\$16,039 26
Express revenue	462,437 70	406,225 72	56,211 98	
Other transportation revenue	356,165 22	307,725 75	48,439 47	
Miscellaneous revenue	245,166 09	185,417 31	59,748 78	
Total operating revenues	<u>\$36,167,398 17</u>	<u>\$33,137,832 21</u>	<u>\$3,029,565 96</u>	
OPERATING EXPENSES:—				
Maintenance of way and structures	\$3,462,903 41	\$3,273,339 47	\$189,563 94	
Maintenance of equipment	5,995,810 09	5,832,430 15	163,379 94	
Traffic expenses	918,720 11	810,293 00	108,427 11	
Transportation expenses	10,593,565 10	9,949,909 59	643,655 51	
General expenses	713,148 52	709,764 09	3,384 43	
Total operating expenses	<u>\$21,684,147 23</u>	<u>\$20,575,736 30</u>	<u>\$1,108,410 93</u>	
Ratio of operating expenses to operating revenues	59.95 %	62.09 %	. . . . .	2.14 %
NET OPERATING REVENUE	<u>\$14,483,250 94</u>	<u>\$12,562,095 91</u>	<u>\$1,921,155 03</u>	
TAXES	1,106,761 89	1,079,376 23	27,385 66	
OPERATING INCOME	<u>13,376,489 05</u>	<u>11,482,719 68</u>	<u>1,893,769 37</u>	
OTHER INCOME:—				
Outside operations:				
Water lines	*143,800 93	*150,019 20	6,218 27	
Other operations	*2,532 31	*3,268 83	736 52	
Investments:				
Dividends on stocks	544,945 50	436,772 56	108,172 94	
Interest on bonds	24,860 17	42,814 48	. . . . .	\$17,954 31
Interest on real estate mortgages	15,933 33	15,604 13	329 20	
Miscellaneous	678,229 34	362,677 20	315,552 14	
Total other income	<u>\$1,117,635 10</u>	<u>\$704,580 34</u>	<u>\$413,054 76</u>	
TOTAL INCOME	<u>\$14,494,124 15</u>	<u>\$12,187,300 02</u>	<u>\$2,306,824 13</u>	
DEDUCTIONS FROM INCOME:—				
Interest on funded debt	3,609,393 34	3,544,060 00	65,333 34	
Interest on equipment trust obligations	190,716 00	245,902 50	. . . . .	\$55,186 50
Rentals of leased lines and guaranties	2,316,473 00	2,316,473 00	. . . . .
Miscellaneous deductions	240,140 98	237,061 31	3,079 67	
Additions and betterments	843,877 30	582,643 22	261,234 08	
Total deductions from income	<u>\$7,200,600 62</u>	<u>\$6,926,140 03</u>	<u>\$274,460 59</u>	
NET INCOME	<u>\$7,293,523 53</u>	<u>\$5,261,159 99</u>	<u>\$2,032,363 54</u>	

* Deficit.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 1910

TABLE 2

	DR.	CR.
Balance, July 1, 1909		\$19,212,252 00
Dividends :		
Five per cent. on preferred stock, paid July 10, 1909	\$5,315 00	
Two per cent. on common stock, paid July 10, 1909	806,696 00	
Extra one per cent. on common stock, paid July 10, 1909	403,348 00	
Five per cent. on preferred stock, paid January 8, 1910	5,315 00	
Three per cent. on common stock, paid January 8, 1910	1,210,044 00	
Book value of securities of Buffalo, Thousand Islands and Portland R. R. Co. written off	\$2,430,718 00	
Property abandoned at Delano, Pa.	334,884 92	
Expenditures for Additions and Betterments during fiscal years 1908, 1909 and 1910, transferred to Road and Equipment and to Advances to Subsidiary Companies	49,809 38	
Miscellaneous adjustments		3,440,777 96
Net income for year ended June 30, 1910, Table No. 1		88,638 45
Balance, June 30, 1910	7,293,523 53	
	27,219,779 64	
	\$30,035,191 94	\$30,035,191 94
Balance brought forward, July 1, 1910		\$27,219,779 64

TABLE 3
Dr.

CONDENSED GENERAL

ASSETS	
ROAD AND EQUIPMENT:—	
Investment to June 30, 1907	\$54,365,714 13
Investment since June 30, 1907	9,964,224 71
	<hr/>
Less reserve for accrued depreciation	\$64,329,938 84
	2,886,720 50
	<hr/>
	\$61,443,218 34
SECURITIES:—	
Securities of proprietary, affiliated, and controlled companies —pledged	\$29,310,622 93
Securities of proprietary, affiliated, and controlled companies —unpledged	4,032,122 36
	<hr/>
	33,342,745 29
OTHER INVESTMENTS:—	
Advances to proprietary, affiliated, and controlled companies for construction, equipment and betterments	\$50,724 64
Real estate	494,435 99
Advances to subsidiary real estate companies	1,779,060 94
Securities—pledged	32,950,855 93
Securities—unpledged	6,470,246 03
	<hr/>
	41,745,323 53
WORKING ASSETS:—	
Cash	\$10,916,912 22
Securities issued or assumed—held in treasury	6,070,250 00
Marketable securities	330,000 00
Traffic and car-service balances due from other companies	74,680 35
Net balance due from agents and conductors	1,204,501 64
Miscellaneous accounts receivable	2,671,963 78
Materials and supplies	1,895,916 70
Other working assets	162,427 38
	<hr/>
	23,326,652 07
ACCRUED INCOME NOT DUE:—	
Unmatured interest, dividends and rents receivable	8,276 66
DEFERRED DEBIT ITEMS:—	
Advances	\$476,618 15
Rents and insurance paid in advance	157,034 77
Other deferred debit items	428,380 78
	<hr/>
	1,062,033 70
TOTAL ASSETS	
	\$160,928,249 59

BALANCE SHEET, JUNE 30, 1910

Cr.

LIABILITIES	
CAPITAL STOCK:—	
806,696 shares common stock, par \$50	\$40,334,800 00
2,126 shares preferred stock, par \$50	106,300 00
	\$40,441,100 00
FUNDED DEBT:—	
Mortgage bonds	\$63,639,000 00
Collateral trust bonds	16,000,000 00
Equipment trust obligations	6,820,000 00
Mortgages on real estate	116,947 23
	86,575,947 23
WORKING LIABILITIES:—	
Traffic and car-service balances due to other companies	\$48,876 56
Audited vouchers and wages unpaid	2,972,504 08
Miscellaneous accounts payable	139,611 66
Matured interest, dividends and rents unpaid	394,127 50
Other working liabilities	272,914 16
	3,828,033 96
ACCRUED LIABILITIES NOT DUE:—	
Unmatured interest, dividends and rents unpaid	\$1,201,989 03
Taxes accrued	489,676 74
	1,691,665 77
DEFERRED CREDIT ITEMS:—	
Other deferred credit items	1,171,722 99
PROFIT AND LOSS	27,219,779 64
TOTAL LIABILITIES	\$160,928,249 59

NOTE.—The dividends declared prior to the close of the fiscal year, and payable July 14, 1910, amounting to \$1,215,359, are not included as a liability in the above statement.

STATEMENT OF FUNDED DEBT, YEARLY INTEREST, GUARANTIES, AND RENTALS
 TABLE 4
 OF LEASED LINES

DESCRIPTION	PRINCIPAL	DATE OF MATURITY	ACCRUED INTEREST		
			Rate	Due	Amount
Lehigh Valley R. R. Co. :—					
First mortgage bonds	\$5,000,000	June 1, 1948 . .	4% gold	June and Dec.	\$200,000 00
Second mortgage bonds	6,000,000	Sept. 1, 1910 . .	7% . .	March and Sept.	420,000 00
Consolidated mortgage bonds :—					
Coupon	\$1,319,000				
Registered	4,319,000				
Annuity	10,062,000				
Coupon	\$1,669,000	15,700,000			
Registered	3,093,000				
Annuity	2,538,000				
General consolidated mortgage bonds . . .	7,300,000				
	29,639,000				
Collateral trust bonds	16,000,000	<div style="display: flex; align-items: center; justify-content: space-between;"> <div style="flex-grow: 1;"> <div style="display: flex; align-items: center;"> \$ 500,000 semi- </div> <div style="display: flex; align-items: center;"> annually, to February 1, 1926 . . . </div> </div> 4% gold </div>	May and Nov.	328,500 00	
			Feb. and Aug.	1,185,560 00	
		Total			\$3,729,393 34
		Deduct interest on general consolidated mortgage bonds held in treasury			120,000 00
Total	\$79,639,000				\$3,609,393 34
Lehigh Valley Terminal Ry. Co. :—					
First mortgage bonds	\$10,000,000	October 1, 1941 . .	5% gold	April and Oct.	\$500,000 00
Easton and Amboy R. R. Co. :—					
First mortgage bonds	6,000,000	May 1, 1920 . .	5% . . .	May and Nov.	300,000 00
Morris Canal and Banking Co. :—					
Preferred stock	\$903,600				
Consolidated stock	706,700				
Easton and Northern R. R. Co. :—					
First mortgage bonds	1,610,300				
Penna. and New York Canal and R. R. Co. :—					
Consolidated mortgage bonds . . .	51,000	Nov. 1, 1935 . .	4½% gold	May and Nov.	2,295 00
Consolidated mortgage bonds . . .	\$4,000,000				
Consolidated mortgage bonds . . .	1,500,000	April 1, 1939 . .	5% . . .	April and Oct.	200,000 00
Consolidated mortgage bonds . . .	3,000,000	" . . .	4½% . . .	"	67,500 00
		" . . .	4% . . .	"	120,000 00
Lehigh and New York R. R. Co. :—					
First mortgage bonds	8,500,000				
The Lehigh Valley Rail Way Co. :—					
First mortgage bonds	2,000,000	Sept. 1, 1945 . .	4% gold	March and Sept.	80,000 00
The Elmira, Cortland and Northern R. R. Co. :—					
First preferred mortgage bonds, . . .	15,000,000	July 1, 1940 . .	4½% gold	Jan. and July	675,000 00
First mortgage bonds	\$750,000	April 1, 1914 . .	6% gold	April and Oct.	45,000 00
	1,250,000	" . . .	5% gold	"	62,500 00
Middlesex Valley R. R. Co. :—					
First mortgage bonds	2,000,000				
The Lehigh and Lake Erie R. R. Co. :—					
First mortgage bonds	211,000	Nov. 1, 1942 . .	5% gold	May and Nov.	10,550 00
Total	\$48,372,300				135,000 00
Grand total, June 30, 1910	\$128,011,300				\$2,316,473 00
					\$5,925,866 34

STATEMENT OF EQUIPMENT TRUST CERTIFICATES OUTSTANDING

TABLE 5

LEHIGH VALLEY RAILROAD CO.	PRINCIPAL	DATE OF MATURITY	INTEREST	
			Rate	Due
Equipment Trust, Series J, certificates	\$3,750,000	{ \$250,000 semi-annually to Sept. 1, 1917 }	4 1/2% gold	Mar. and Sept.
Total, June 30, 1910	\$3,750,000			

STATEMENT OF EQUIPMENT TRUST CERTIFICATES HELD IN TREASURY

LEHIGH VALLEY RAILROAD CO.	PRINCIPAL	DATE OF MATURITY	INTEREST	
			Rate	Due
Equipment Trust, Series H, certificates	\$270,000	{ \$90,000 annually to February 1, 1913 }	4% gold	Feb. and Aug.
Equipment Trust, Series I, certificates	2,800,000	{ \$400,000 annually to Sept. 1, 1916 }	4% gold	Mar. and Sept.
Total, June 30, 1910	\$3,070,000			

SUMMARY OF EQUIPMENT TRUST OBLIGATIONS

Equipment Trust Certificates Outstanding	\$3,750,000 00
Equipment Trust Certificates Held in Treasury	3,070,000 00
Total, June 30, 1910	\$6,820,000 00

TABLE 6

STATEMENT OF SECURITIES OWNED

	BONDS	EACH	PAR VALUE	TOTAL
BONDS				
*Lehigh Valley Railroad Co. of New Jersey . . .	12	\$100,000	\$1,200,000 00	
*Lehigh Valley Railroad Co. of New Jersey . . .	1	500	500 00	
*Lehigh Valley Rail Way Co.	8	100,000	800,000 00	
*Lehigh Valley Rail Way Co.	1	25,000	25,000 00	
*Lehigh Valley Transportation Co.	4	100,000	400,000 00	
*Lehigh Valley Transportation Co.	1	20,000	20,000 00	
*Lehigh Valley Transportation Co.	2	1,000	2,000 00	
*Loyalsock Railroad Co.	7	1,000	7,000 00	
*Loyalsock Railroad Co.	1	500	500 00	
*Pennsylvania and New York Canal and R. R. Co.	3	100,000	300,000 00	
*Pennsylvania and New York Canal and R. R. Co.	1	25,000	25,000 00	
*Pennsylvania and New York Canal and R. R. Co.	1	500	500 00	
Consolidated Real Estate Co.	2,600	1,000	2,600,000 00	
Easton and Northern Railroad Co.	162	1,000	162,000 00	
Easton and Northern Railroad Co.	174	500	87,000 00	
Greenville and Hudson Railway Co.	7	50,000	350,000 00	
Irvington Railroad Co.	25	5,000	125,000 00	
Lehigh and Hudson River Railway Co.	34	1,000	34,000 00	
Middlesex Valley Railroad Co.	389	1,000	389,000 00	
Montrose Railroad Co.	103	1,000	103,000 00	
Montrose Railroad Co.	1	500	500 00	
Morris Canal and Banking Co.	50	10,000	500,000 00	
Rochester Southern Railroad Co.	425	1,000	425,000 00	
Schuylkill and Lehigh Valley Railroad Co. . . .	2,000	1,000	2,000,000 00	
Seneca County Railway	500	1,000	500,000 00	
Wyoming Valley Water Supply Co.	8	100,000	800,000 00	
Wyoming Valley Water Supply Co.	19	5,000	95,000 00	
				\$10,951,000 00
CERTIFICATES OF INDEBTEDNESS				
*Lehigh Valley Coal Co.			\$10,537,000 00	
				10,537,000 00
STOCKS				
	SHARES			
*Easton and Northern Railroad Co.	11,300	\$50	\$565,000 00	
*Lehigh and New York Railroad Co., preferred .	22,487 ³⁴ ₁₀₀	100	2,248,734 00	
*Lehigh Valley Coal Co.	39,300	50	1,965,000 00	
*Lehigh Valley Rail Way Co.	117,450	100	11,745,000 00	
†*Lehigh Valley Railroad Co. of New Jersey . . .	204,330	100	20,433,000 00	
*Lehigh Valley Transportation Co.	15,100	100	1,510,000 00	
*Loyalsock Railroad Co.	16,500	50	825,000 00	
*National Storage Co.	24,000	100	2,400,000 00	
*New York and Middle Coal Field R. R. and Coal Co.	48,653	25	1,216,325 00	
*Pennsylvania and New York Canal and R. R. Co.	30,231	50	1,511,550 00	
Amount carried forward			\$44,419,609 00	\$21,488,000 00

* Pledged under General Consolidated Mortgage.

† Lehigh Valley R. R. Co. of New Jersey owns 79,270 shares.

STATEMENT OF SECURITIES OWNED—Continued

	SHARES	EACH	PAR VALUE	TOTAL
STOCKS—Continued.				
Amount brought forward			\$44,419,609 00	\$21,488,000 00
*Schuylkill and Lehigh Valley Railroad Co.	40,000	\$50	2,000,000 00	
†Coxe Brothers & Co., Inc.	58,203	50	2,910,150 00	
†Delaware, Susquehanna and Schuylkill R. R. Co.	30,000	50	1,500,000 00	
Bay Shore Connecting Railroad Co.	200	\$86.94265 pd.	17,388 53	
Buffalo Creek Railroad Co.	1,250	100	125,000 00	
Consolidated Real Estate Co.	100	50	5,000 00	
Elmira Transfer Railway Co.	100	100	10,000 00	
Fair Land Realty Co.	25	100	2,500 00	
Highland Coal Co.	2,400	50	120,000 00	
Jersey City Belt Line Railway Co.	600	\$94 $\frac{2}{3}$ paid	56,800 00	
Lehigh and Hudson River Railway Co.	1,631	100	163,100 00	
Locust Mountain Coal and Iron Co.	6,618	50	330,900 00	
Montrose Railroad Co.	2,000	50	100,000 00	
Morris Canal and Banking Co., consolidated . . .	3,183	100	318,300 00	
Morris Canal and Banking Co., preferred	2,714	100	271,400 00	
Morris Canal and Banking Co., scrip			47,000 00	
Mutual Terminal Co. of Buffalo	150	100	15,000 00	
Newark Bay Railway Co.	500	\$26 paid	13,000 00	
Packer Coal Co.	76	50	3,800 00	
Penn Haven Junction and Glen Onoko R. R. Co. .	1,200	\$5 paid	6,000 00	
Philadelphia Bourse, common	30	50	1,500 00	
Philadelphia Bourse, preferred	23	25	575 00	
Philadelphia Grain Elevator Co.	4,100	50	205,000 00	
Philadelphia Harbor Transfer			20,000 00	
Pioneer Real Estate Co.	25	100	2,500 00	
Temple Iron Co.	5,709	100	570,900 00	
United Real Estate Co.	10	100	1,000 00	
Weatherly Water Co.	800	10	8,000 00	
Wyoming Valley Water Supply Co.	1,000	100	100,000 00	
				53,344,422 53
Total par value				\$74,832,422 53

SUMMARY

Value of bonds as per books	\$10,685,926 00
Value of certificates of indebtedness as per books	10,537,000 00
Value of stocks as per books	59,131,160 88
Total	\$80,354,086 88
Total par value	\$74,832,422 53
Value as per Lehigh Valley Railroad Co. books	\$72,427,086 88
Value as per Lehigh Valley Railroad Co. of New Jersey books	7,927,000 00
Total book value	\$80,354,086 88

* Pledged under General Consolidated Mortgage.

† Pledged under Collateral Trust Agreement.

MONTHLY OPERATING REVENUES AND EXPENSES FOR THE YEAR ENDED JUNE

TABLE 7

OPERATING REVENUES						
	COAL FREIGHT	MERCHANDISE FREIGHT	PASSENGER	MAIL AND EXPRESS	MISCELLANEOUS	TOTAL
July, 1909	\$1,030,764 43	\$1,167,097 49	\$453,099 52	\$54,327 14	\$49,109 84	\$2,754,398 42
August, "	1,050,108 26	1,264,926 71	504,884 52	57,407 72	49,043 50	2,926,370 71
September, "	974,355 18	1,353,830 13	448,540 73	55,728 75	55,100 81	2,887,555 60
October, "	1,408,372 17	1,499,310 79	322,039 43	60,882 24	53,775 28	3,344,379 91
November, "	1,480,493 03	1,399,647 01	308,898 77	58,345 22	54,835 78	3,302,219 81
December, "	1,444,266 90	1,148,656 76	330,788 25	54,118 31	44,964 58	3,022,794 80
January, 1910	1,291,956 95	1,035,712 55	266,464 58	58,181 45	47,828 68	2,700,144 21
February, "	1,208,416 99	905,319 70	244,804 87	46,154 98	38,588 90	2,443,285 44
March, "	1,422,375 38	1,189,859 07	337,666 28	46,001 26	51,504 04	3,047,406 03
April, "	1,602,187 87	1,256,304 06	332,577 66	55,600 36	59,466 32	3,306,136 27
May, "	1,442,050 76	1,266,783 88	363,475 67	55,507 76	52,541 93	3,180,360 00
June, "	1,466,449 70	1,270,351 19	416,932 17	54,042 26	44,571 65	3,252,346 97
Total, year ended June 30, 1910 .	\$15,821,797 62	\$14,757,799 34	\$4,330,172 45	\$656,297 45	\$601,331 31	\$36,167,398 17
Total, year ended June 30, 1909 .	14,831,670 78	13,291,830 90	3,905,062 74	616,124 73	493,143 06	33,137,832 21
Increase	\$990,126 84	\$1,465,968 44	\$425,109 71	\$40,172 72	\$108,188 25	\$3,029,565 96
Decrease						
Increase, per cent.	6.68	11.03	10.89	6.52	21.94	9.14
Decrease, "						

30, 1910, COMPARED WITH TOTALS FOR THE YEAR ENDED JUNE 30, 1909

OPERATING EXPENSES					
MAINTENANCE OF WAY AND STRUCTURES	MAINTENANCE OF EQUIPMENT	TRAFFIC AND TRANSPORTATION EXPENSES	GENERAL EXPENSES	TOTAL	NET OPERATING REVENUE
\$331,881 29	\$456,304 79	\$827,231 14	\$65,955 95	\$1,681,373 17	\$1,073,025 25
341,680 09	522,079 23	870,532 56	60,721 50	1,795,013 38	1,131,357 33
346,414 47	492,350 45	908,385 80	54,642 40	1,801,793 12	1,085,762 48
325,499 84	515,721 85	985,495 89	55,127 88	1,881,845 46	1,462,534 45
285,275 50	498,484 96	999,048 79	53,232 95	1,836,042 20	1,466,177 61
281,651 39	497,791 70	1,000,510 62	67,549 14	1,847,502 85	1,175,291 95
270,745 59	487,622 49	1,035,090 96	57,939 89	1,851,398 93	848,745 28
266,288 59	402,904 66	928,643 72	57,304 10	1,655,141 07	788,144 37
267,531 43	506,566 96	989,409 02	61,232 18	1,824,739 59	1,222,666 44
276,738 76	484,731 03	989,114 12	53,540 77	1,804,124 68	1,502,011 59
289,667 63	522,899 12	1,002,292 95	52,930 96	1,867,790 66	1,312,569 34
179,528 83	608,352 85	976,529 64	72,970 80	1,837,382 12	1,414,964 85
\$3,462,903 41	\$5,995,810 09	\$11,512,285 21	\$713,148 52	\$21,684,147 23	\$14,483,250 94
3,273,339 47	5,832,430 15	10,760,202 59	709,764 09	20,575,736 30	12,562,095 91
\$189,563 94	\$163,379 94	\$752,082 62	\$3,384 43	\$1,108,410 93	\$1,921,155 03
5.79	2.80	6.99	.48	5.39	15.29

TABLE 8

CLASSIFICATION OF OPERATING EXPENSES

ACCOUNT	1910	1909	INCREASE	DECREASE
MAINTENANCE OF WAY AND STRUCTURES:—				
Superintendence	\$165,584 72	\$146,630 80	\$18,953 92	. . . . .
Ballast	54,576 70	11,760 26	42,816 44	. . . . .
Ties	412,631 82	513,906 70	. . . . .	\$101,274 88
Rails	266,253 99	296,729 36	. . . . .	30,475 37
Other track material	163,204 61	204,429 90	. . . . .	41,225 29
Roadway and track	1,117,798 50	962,323 99	155,474 51	. . . . .
Removal of snow, sand and ice	104,931 55	42,374 65	62,556 90	. . . . .
Tunnels	5,231 06	5,439 74	. . . . .	208 68
Bridges, trestles and culverts	308,951 54	297,276 81	11,674 73	. . . . .
Over and under grade crossings	12,055 56	11,099 53	956 03	. . . . .
Grade crossings, fences, cattle guards and signs	45,658 64	50,216 13	. . . . .	4,557 49
Snow and sand fences and snow sheds . . .	3,249 90	5,469 00	. . . . .	2,219 10
Signals and interlocking plants	161,443 88	145,873 35	15,570 53	. . . . .
Telegraph and telephone lines	34,836 70	37,805 21	. . . . .	2,968 51
Buildings, fixtures and grounds	428,111 63	367,725 23	60,386 40	. . . . .
Doeks and wharves	72,074 90	73,193 70	. . . . .	1,118 80
Roadway tools and supplies	33,918 18	24,898 88	9,019 30	. . . . .
Injuries to persons	12,007 12	27,693 33	. . . . .	15,686 21
Stationery and printing	6,177 76	4,309 60	1,868 16	. . . . .
Other expenses	3,566 28	1,347 59	2,218 69	. . . . .
Maintaining joint tracks, yards and other facilities—Dr.	85,596 33	80,320 10	5,276 23	. . . . .
Maintaining joint tracks, yards and other facilities—Cr.	*34,957 96	*37,484 39	2,526 43	. . . . .
Total maintenance of way and structures .	\$3,462,903 41	\$3,273,339 47	\$189,563 94	. . . . .
MAINTENANCE OF EQUIPMENT:—				
Superintendence	\$127,723 47	\$119,183 12	\$8,540 35	. . . . .
Steam locomotives—Repairs	1,909,532 26	1,971,146 89	. . . . .	\$61,614 63
Steam locomotives—Renewals	57,603 07	39,847 69	17,755 38	. . . . .
Steam locomotives—Depreciation	241,395 21	239,997 30	1,397 91	. . . . .
Amounts carried forward	\$2,336,254 01	\$2,370,175 00	. . . . .	\$33,920 99

*Credit.

FOR THE YEARS ENDED JUNE 30, 1910 AND 1909

ACCOUNT	1910	1909	INCREASE	DECREASE
MAINTENANCE OF EQUIPMENT—Continued:—				
Amounts brought forward	\$2,336,254 01	\$2,370,175 00	. . . . .	\$33,920 99
Passenger train cars—Repairs.	259,475 03	273,880 87	. . . . .	14,405 84
Passenger train cars—Renewals.	4,047 38	16,829 66	. . . . .	12,782 28
Passenger train cars—Depreciation . . .	34,310 40	34,505 14	. . . . .	194 74
Freight train cars—Repairs.	2,363,123 04	2,052,431 18	\$310,691 86	. . . . .
Freight train cars—Renewals.	79,415 52	165,814 00	. . . . .	86,398 48
Freight train cars—Depreciation	715,775 85	704,049 47	11,726 38	. . . . .
Floating equipment—Repairs.	292 61	163 40	129 21	. . . . .
Floating equipment—Depreciation . . .	237 48	213 72	23 76	. . . . .
Work equipment—Repairs	26,930 27	12,439 01	14,491 26	. . . . .
Work equipment—Renewals	14,954 02	23,814 04	. . . . .	8,860 02
Work equipment—Depreciation	12,979 64	12,502 24	477 40	. . . . .
Shop machinery and tools	117,751 80	139,848 19	. . . . .	22,096 39
Power plant equipment . . . . .	. . . . .	. . . . .	. . . . .	. . . . .
Injuries to persons	10,200 93	3,762 84	6,438 09	. . . . .
Stationery and printing	10,473 45	9,466 36	1,007 09	. . . . .
Other expenses	640 75	87 92	552 83	. . . . .
Maintaining joint equipment at terminals—Dr.	8,947 91	12,447 11	. . . . .	3,499 20
Total maintenance of equipment . . .	\$5,995,810 09	\$5,832,430 15	\$163,379 94	. . . . .
TRAFFIC EXPENSES:—				
Superintendence.	\$149,885 51	\$137,531 20	\$12,354 31	. . . . .
Outside agencies.	336,818 13	297,430 39	39,387 74	. . . . .
Advertising.	148,224 99	106,572 17	41,652 82	. . . . .
Traffic associations	16,416 74	15,080 76	1,326 98	. . . . .
Fast freight lines	195,450 60	198,289 41	. . . . .	\$2,838 81
Industrial and immigration bureaus . .	16,140 93	11,803 08	4,337 85	. . . . .
Stationery and printing	55,652 41	43,563 10	12,089 31	. . . . .
Other expenses	130 80	13 89	116 91	. . . . .
Total traffic expenses	\$918,720 11	\$810,293 00	\$108,427 11	. . . . .
TRANSPORTATION EXPENSES:—				
Superintendence.	\$295,087 90	\$269,553 52	\$25,534 38	. . . . .
Despatching trains	104,651 96	104,473 32	178 64	. . . . .
Station employees	1,189,369 92	1,104,927 43	84,442 49	. . . . .
Amounts carried forward	\$1,589,109 78	\$1,478,954 27	\$110,155 51	. . . . .

CLASSIFICATION OF OPERATING EXPENSES

ACCOUNT	1910	1909	INCREASE	DECREASE
TRANSPORTATION EXPENSES—Continued:—				
Amounts brought forward	\$1,589,109 78	\$1,478,954 27	\$110,155 51	. . . . .
Weighing and car service associations .	28,103 73	31,727 86	. . . . .	\$3,624 13
Coal and ore docks	187,367 60	160,490 54	26,877 06	. . . . .
Station supplies and expenses	105,504 90	98,566 87	6,938 03	. . . . .
Yard masters and their clerks	243,306 86	232,541 91	10,764 95	. . . . .
Yard conductors and brakemen	665,806 70	587,661 90	78,144 80	. . . . .
Yard switch and signal tenders	50,159 39	51,558 11	. . . . .	1,398 72
Yard supplies and expenses	17,947 57	18,015 43	. . . . .	67 86
Yard enginemen	383,703 66	331,152 29	52,551 37	. . . . .
Enginehouse expenses—Yard.	104,993 11	97,200 32	7,792 79	. . . . .
Fuel for yard locomotives	345,381 04	328,494 35	16,886 69	. . . . .
Water for yard locomotives	17,755 25	15,355 15	2,400 10	. . . . .
Lubricants for yard locomotives	6,408 57	5,598 00	810 57	. . . . .
Other supplies for yard locomotives	7,552 90	6,585 47	967 43	. . . . .
Operating joint yards and terminals				
—Dr.	63,294 07	97,309 97	. . . . .	34,015 90
Operating joint yards and terminals				
—Cr.	*32,250 43	*32,025 41	. . . . .	225 02
Road enginemen	1,262,981 94	1,093,545 51	169,436 43	. . . . .
Enginehouse expenses—Road	367,529 18	352,386 05	15,143 13	. . . . .
Fuel for road locomotives	2,555,395 43	2,469,216 72	86,178 71	. . . . .
Water for road locomotives	98,160 91	91,478 69	6,682 22	. . . . .
Lubricants for road locomotives	38,521 91	39,432 46	. . . . .	910 55
Other supplies for road locomotives	36,501 61	33,892 99	2,608 62	. . . . .
Road trainmen	1,286,907 60	1,141,359 09	145,548 51	. . . . .
Train supplies and expenses	303,458 91	315,524 16	. . . . .	12,065 25
Interlockers, block and other signals—				
Operation	187,932 10	188,518 32	. . . . .	586 22
Crossing flagmen and gatemen	59,213 25	58,120 90	1,092 35	. . . . .
Draw bridge operation	4,444 04	4,788 74	. . . . .	344 70
Amounts carried forward	\$9,985,191 58	\$9,297,450 66	\$687,740 92	. . . . .

*Credit.

FOR THE YEARS ENDED JUNE 30, 1910 AND 1909—*Continued.*

ACCOUNT	1910	1909	INCREASE	DECREASE
TRANSPORTATION EXPENSES— <i>Continued:</i> —				
Amounts brought forward	\$9,985,191 58	\$9,297,450 66	\$687,740 92	. . . . .
Clearing wrecks	48,523 20	43,507 17	5,016 03	. . . . .
Telegraph and telephone—Operation	82,546 18	82,164 12	382 06	. . . . .
Operating floating equipment	3,005 86	3,493 77	. . . . .	\$487 91
Stationery and printing	62,646 19	60,757 67	1,888 52	. . . . .
Other expenses	1,133 12	1,870 52	. . . . .	737 40
Loss and damage—Freight	228,838 21	252,447 23	. . . . .	23,609 02
Loss and damage—Baggage	605 64	294 71	310 93	. . . . .
Damage to property	20,351 19	24,062 30	. . . . .	3,711 11
Damage to stock on right of way	884 14	517 63	366 51	. . . . .
Injuries to persons	130,899 94	154,512 80	. . . . .	23,612 86
Operating joint tracks—Dr.	40,787 80	41,724 13	. . . . .	936 33
Operating joint tracks—Cr.	*11,847 95	*12,893 12	1,045 17	. . . . .
Total transportation expenses	\$10,593,565 10	\$9,949,909 59	\$643,655 51	. . . . .
GENERAL EXPENSES:—				
Salaries and expenses of general officers	\$95,437 16	\$85,301 53	\$10,135 63	. . . . .
Salaries and expenses of clerks and attendants	292,502 13	259,926 91	32,575 22	. . . . .
General office supplies and expenses	28,179 00	22,608 37	5,570 63	. . . . .
Law expenses	142,359 19	193,117 72	. . . . .	\$50,758 53
Insurance	57,720 28	55,570 46	2,149 82	. . . . .
Relief department expenses	43,644 33	44,534 68	. . . . .	890 35
Pensions	9,518 90	6,818 53	2,700 37	. . . . .
Stationery and printing	26,613 70	22,328 49	4,285 21	. . . . .
Other expenses	17,173 83	19,557 40	. . . . .	2,383 57
Total general expenses	\$713,148 52	\$709,764 09	\$3,384 43	. . . . .
TOTAL OPERATING EXPENSES	\$21,684,147 23	\$20,575,736 30	\$1,108,410 93	. . . . .

* Credit.

Report of the Board of Directors

STATEMENT OF OPERATING REVENUES AND EXPENSES FOR TEN YEARS,
1901 TO 1910 INCLUSIVE

TABLE 9

YEARS ENDED JUNE 30	COAL FREIGHT	MERCHANDISE FREIGHT	PASSENGER	MAIL AND EXPRESS	MISCELLANEOUS	TOTAL OPERATING REVENUES	NET OPERATING REVENUE
1901	\$9,636,802 48	\$9,272,317 07	\$2,989,004 24	\$424,083 35	\$1,160,359 50	\$23,482,566 64	\$4,814,542 36
1902	9,328,959 09	9,627,286 35	3,664,820 27	460,855 54	838,046 70	23,919,967 95	5,938,769 22
1903	10,104,764 40	11,609,706 36	3,191,638 63	483,059 54	1,265,334 33	26,654,503 26	7,674,323 60
1904	12,835,076 24	11,994,700 77	3,155,715 13	513,717 03	1,382,529 04	29,881,738 21	11,011,436 97
1905	13,530,337 42	12,432,582 74	3,509,825 33	544,768 49	1,258,328 74	31,275,842 72	12,346,141 39
1906	13,248,565 42	13,934,127 10	3,971,392 05	585,452 24	1,050,319 82	32,789,856 63	12,637,645 91
1907	15,270,213 84	14,864,262 21	4,326,118 87	591,745 99	469,105 81	35,521,446 72	13,554,116 09
1908	16,175,279 94	14,011,301 78	4,159,890 47	592,630 94	571,051 09	35,510,154 22	13,198,117 73
1909	14,831,670 78	13,291,830 90	3,905,062 74	616,124 73	493,143 06	33,137,832 21	12,562,095 91
1910	15,821,797 62	14,757,799 34	4,330,172 45	656,297 45	601,331 31	36,167,398 17	14,483,250 94

The ratio of each class of revenue to total operating revenues is as follows:—

	1901	1902	1903	1904	1905	1906	1907	1908	1909	1910
	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.
Coal freight . . . . .	.41.04	39.00	37.91	42.95	43.26	40.40	42.99	45.55	44.76	43.75
Merchandise freight	39.49	40.25	43.56	40.14	39.75	42.50	41.84	39.46	40.11	40.80
Passenger	12.72	15.32	11.97	10.56	11.22	12.11	12.18	11.71	11.78	11.97
Mail and express	1.81	1.93	1.81	1.72	1.74	1.79	1.67	1.67	1.86	1.82
Miscellaneous	4.94	3.50	4.75	4.63	4.03	3.20	1.32	1.61	1.49	1.66

OPERATING EXPENSES

YEARS ENDED JUNE 30	Maintenance of Way and Structures	Maintenance of Equipment	Traffic and Transportation Expenses	General Expenses	Total Operating Expenses	Ratio of Total Expenses to Revenues
	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.
1901	\$4,241,717 04	\$4,316,861 72	\$9,374,299 48	\$735,146 04	\$18,668,024 28	79.50
1902	3,689,987 12	4,654,257 50	8,898,286 97	738,667 14	17,981,198 73	75.17
1903	4,099,168 88	4,694,395 07	9,567,083 09	619,532 62	18,980,179 66	71.21
1904	3,059,257 82	4,745,341 80	10,469,806 29	595,895 33	18,870,301 24	63.15
1905	3,269,382 74	4,894,269 44	10,179,037 79	587,011 36	18,929,701 33	60.52
1906	3,153,245 22	5,485,794 06	10,891,953 73	621,217 71	20,152,210 72	61.46
1907	3,344,181 89	6,186,873 82	11,920,347 57	515,927 35	21,967,330 63	61.84
1908	3,398,642 07	6,153,874 30	12,121,580 08	637,940 04	22,312,036 49	62.83
1909	3,273,339 47	5,832,430 15	10,760,202 59	709,764 09	20,575,736 30	62.09
1910	3,462,903 41	5,995,810 09	11,512,285 21	713,148 52	21,684,147 23	59.95

The ratio of each class of operating expenses to total operating revenues is as follows:—

	1901	1902	1903	1904	1905	1906	1907	1908	1909	1910
	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.
Maintenance of way and structures	18.07	15.42	15.38	10.24	10.45	9.62	9.41	9.57	9.88	9.57
Maintenance of equipment	18.38	19.46	17.61	15.88	15.65	16.73	17.42	17.33	17.60	16.58
Traffic and transportation expenses	39.92	37.20	35.89	35.04	32.55	33.22	33.56	34.13	32.47	31.83
General expenses	3.13	3.09	2.33	1.99	1.87	1.89	1.45	1.80	2.14	1.97

ENGINE, TRAIN, AND CAR STATISTICS FOR THE YEARS ENDED
JUNE 30, 1910, AND 1909

TABLE 10

	1910	1909	PERCENTAGE OF INCREASE OR DECREASE
TRAIN AND ENGINE MILEAGE			
Miles run by passenger trains (including express)	4,484,836	4,348,330	Inc. 3.14
Miles run by freight trains	8,733,264	8,216,419	Inc. 6.29
Total revenue train miles	13,218,100	12,564,749	Inc. 5.20
Miles run by work trains	835,939	506,813	Inc. 64.94
Miles run by special trains	70,591	68,093	Inc. 3.67
Total train mileage	14,124,630	13,139,655	Inc. 7.50
Miles run by yard switching engines	5,484,903	4,817,505	Inc. 13.85
Miles run by engines in helping service	951,841	857,823	Inc. 10.96
Miles run by engines in light service	1,344,991	1,076,488	Inc. 24.94
Total engine mileage	21,906,365	19,891,471	Inc. 10.13
CAR STATISTICS			
Mileage of loaded freight cars	209,133,256	192,438,377	Inc. 8.68
Mileage of empty freight cars	90,761,475	96,116,971	Dec. 5.57
Mileage of caboose cars	8,566,576	7,992,640	Inc. 7.18
Total mileage of freight train cars	308,461,307	296,547,988	Inc. 4.02
Mileage of passenger cars, including Pullman cars	14,359,858	13,447,323	Inc. 6.79
Mileage of baggage, mail, express, and dining cars	9,985,953	9,504,039	Inc. 5.07
Total mileage of passenger train cars	24,345,811	22,951,362	Inc. 6.08
Mileage of work cars	735,745	545,951	Inc. 34.76
Mileage of special train cars	71,129	82,511	Dec. 13.79
Total mileage of non-revenue cars	806,874	628,462	Inc. 28.39
Total mileage of all cars	333,613,992	320,127,812	Inc. 4.21
Average number of loaded freight cars in train	23.95	23.42	Inc. 2.26
Average number of empty freight cars in train	11.37	12.67	Dec. 10.26
Average number of cars in each freight train	35.32	36.09	Dec. 2.13
*Percentage of loaded cars in each train	67.80	64.89	Inc. 4.48
Average miles run per freight car per day (including foreign)	20.14	19.71	Inc. 2.18
Average daily mileage of foreign freight cars on lines of Lehigh Valley System	30.21	40.87	Dec. 26.08
Average number of passenger cars in train	3.20	3.09	Inc. 3.56
Average number of baggage, mail, express, and dining cars in train	2.23	2.19	Inc. 1.83
Average number of cars in each passenger train	5.43	5.28	Inc. 2.84
Average miles run per passenger car per day	108.88	100.60	Inc. 8.23

* Caboose included in empty mileage.

TABLE 11

STATISTICS OF OPERATING REVENUES AND EXPENSES

REVENUES, EXPENSES, AND NET REVENUE	1910	1909	INCREASE		DECREASE	
			Amount	Per cent.	Amount	Per cent.
Average miles of road operated	1,440.25	1,445.67	5.42	.37		
Total revenue train miles	13,218,100	12,564,749	653,351	5.20		
Freight and passenger revenue	\$34,909,769 41	\$32,028,564 42	\$2,881,204 99	9.00		
Freight and passenger revenue per mile of road	24,238 69	22,154 82	2,083 87	9.41		
Operating revenues, railroad	36,167,398 17	33,137,832 21	3,029,565 96	9.14		
Operating revenues per mile of road	25,111 89	22,922 12	2,189 77	9.55		
Operating revenues per train mile	2.736	2.637	.099	3.75		
Operating expenses, railroad	21,684,147 23	20,575,736 30	1,108,410 93	5.39		
Operating expenses per mile of road	15,055 82	14,232 66	823 16	5.78		
Operating expenses per revenue train mile .	1.640	1.637	.003	.18		
Net operating revenue, railroad	14,483,250 94	12,562,095 91	1,921,155 03	15.29		
Net operating revenue per mile of road . . .	10,056 07	8,689 46	1,366 61	15.73		
Net operating revenue per train mile	1.096	1.000	.096	9.60		
PASSENGER						
Passenger revenue	\$4,330,172 45	\$3,905,062 74	\$425,109 71	10.89		
Passenger train revenue	5,100,385 35	4,630,942 48	469,442 87	10.14		
Number of passengers carried	5,172,961	4,876,801	296,160	6.07		
Number of passengers carried one mile . . .	247,596,196	223,306,381	24,289,815	10.88		
Average distance each passenger carried . . .	47.86 miles	45.79 miles	2.07 miles	4.52		
Average number of passengers one mile per mile of road	171,912	154,466	17,446	11.29		
Average revenue per passenger	83.71 cents	80.07 cents	3.64 cents	4.55		
Average revenue per passenger per mile . . .	1.749 cents	1.749 cents				
Passenger train mileage	4,150,858	4,014,782	136,076	3.39		
Passenger train mileage (including express) .	4,484,836	4,348,330	136,506	3.14		
Passenger revenue per mile of road	\$3,006 54	\$2,701 21	\$305 33	11.30		
Passenger revenue per train mile	104.32 cents	97.27 cents	7.05 cents	7.25		
Passenger train revenue per mile of road . . .	\$3,541 32	\$3,203 32	\$338 00	10.55		
Passenger train revenue per train mile	113.73 cents	106.50 cents	7.23 cents	6.79		
Average number of passengers in each train .	59.65	55.62	4.03	7.25		
Passenger car mileage	14,359,858	13,447,323	912,535	6.79		
Baggage, mail, express, and dining car mileage	9,985,953	9,504,039	481,914	5.07		
Total mileage of passenger train cars	24,345,811	22,951,362	1,394,449	6.08		
Average number of passengers in each passenger car	17.24	16.61	.63	3.79		

FOR THE YEARS ENDED JUNE 30, 1910 AND 1909

	1910	1909	INCREASE		DECREASE	
			Amount	Per cent.	Amount	Per cent.
PASSENGER—(Continued)						
Average number of passenger cars in train	3.20	3.09	.11	3.56	...	...
Average number of baggage, mail, express, and dining cars in train	2.23	2.19	.04	1.83	...	...
Average number of cars in each passenger train	5.43	5.28	.15	2.84	...	...
FREIGHT						
Coal freight revenue	\$15,821,797.62	\$14,831,670.78	\$990,126.84	6.68	...	...
Merchandise freight revenue	14,757,799.34	13,291,830.90	1,465,968.44	11.03	...	...
Total freight revenue	\$30,579,596.96	\$28,123,501.68	\$2,456,095.28	8.73	...	...
EXCLUDING COMPANY'S SUPPLIES						
Number tons coal and coke carried	14,034,396	13,273,136	761,260	5.74	...	...
Number tons miscellaneous freight carried	13,147,141	11,586,069	1,561,072	13.47	...	...
Total number tons carried, all revenue freight	27,181,537	24,859,205	2,322,332	9.34	...	...
Tons one mile, coal and coke	2,165,127,775	2,017,613,649	147,514,126	7.31	...	...
Tons one mile, merchandise freight	2,571,430,189	2,380,195,688	191,234,501	8.03	...	...
Tons one mile, all revenue freight	4,736,557,964	4,397,809,337	338,748,627	7.70	...	...
Average distance carried, all revenue freight	174.26 miles	176.91 miles	...	2.65 miles	1.50	
Average number of tons carried one mile per mile of road	3,288,705	3,042,056	246,649	8.11	...	...
Average revenue per ton, all revenue freight	112.50 cents	113.13 cents	...	.63 cent	.56	
Average revenue per ton per mile, all revenue freight . . . . .	.646 cent	.639 cent	.007 cent	1.10	...	...
Freight train mileage	8,733,264	8,216,419	516,845	6.29	...	...
Freight revenue per mile of road	\$21,232.15	\$19,453.61	\$1,778.54	9.14	...	...
Freight revenue per train mile	\$3.50	\$3.42	\$.08	2.34	...	...
Average number of tons in each train	542.36	535.25	7.11	1.33	...	...
Average number of tons in each loaded car	22.65	22.85	...	.20	.88	
INCLUDING COMPANY'S SUPPLIES						
Number of tons carried	29,899,594	27,098,160	2,801,434	10.34	...	...
Number of tons carried one mile	4,903,787,782	4,544,764,556	359,023,226	7.90	...	...
Average distance carried	164.01 miles	167.71 miles	...	3.70 miles	2.21	
Average number of tons in each train	561.51	553.13	8.38	1.52	...	...
Average number of tons in each loaded car	23.45	23.62	...	.17	.72	

TABLE 12

PERFORMANCE OF LOCOMOTIVES

	1910	1909	INCREASE	DECREASE
LOCOMOTIVE MILEAGE				
Passenger	4,150,858	4,014,782	136,076	.....
Freight and coal	8,733,264	8,216,419	516,845	.....
Express	333,978	333,548	430	.....
Special	70,591	68,093	2,498	.....
Helping, freight and coal	808,261	753,937	54,324	.....
Helping, passenger	143,580	103,886	39,694	.....
Light	1,344,991	1,076,488	268,503	.....
Switching	5,484,903	4,817,505	667,398	.....
Total (excluding work)	21,070,426	19,384,658	1,685,768	.....
Work	835,939	506,813	329,126	.....
Total	21,906,365	19,891,471	2,014,894	.....
Average passenger	52,206	52,385	.....	179
Average freight and coal	32,993	32,517	476	.....
Average switching and other	32,249	27,445	4,804	.....
Average all services	36,090	33,716	2,374	.....
Percentage of passenger helping	2.87	2.20	.67	.....
Percentage of freight and coal helping	7.60	7.65	.....	.05
Greatest mileage made by an engine in passenger service	97,646	103,074	.....	5,428
Greatest mileage made by an engine in freight service	40,346	48,317	.....	7,971
CAR MILEAGE				
Passenger, express and special	24,416,940	23,033,873	1,383,067	.....
Freight and coal, loaded	209,133,256	192,438,377	16,694,879	.....
Freight and coal, empty	90,761,475	96,116,971	.....	5,355,496
Work, loaded and empty	735,745	545,951	189,794	.....
Caboose	8,566,576	7,992,640	573,936	.....
Total	333,613,992	320,127,812	13,486,180	.....
Average cars per draft, passenger	5.4	5.3	.1	.....
*Average cars per draft, freight (loaded basis)	29.6	29.8	.....	.2

*Two empty freight cars equaling one loaded; caboose mileage included in empty mileage.

FOR THE YEARS ENDED JUNE 30, 1910 AND 1909

	1910	1909	INCREASE	DECREASE
FUEL COAL USED PER MILE				
Passenger locomotive	POUNDS 119.9	POUNDS 119.7	POUNDS .2	POUNDS
Freight and coal locomotive	235.5	235.7		.2
Switching and other locomotive	82.9	84.4		1.5
All services	165.3	167.7		2.4
Passenger car	24.4	24.5		.1
Freight and coal car	9.7	9.5	.2	
OIL AND WASTE				
Lubricating oil, locomotive miles, per pint	MILES 26.90	MILES 27.41	MILES	MILES .51
Cylinder oil, locomotive miles, per pint	71.49	71.66		.17
Waste, locomotive miles, per pound	80.74	80.56	.18	
COST PER LOCOMOTIVE MILE				
Fuel	CENTS 13.81	CENTS 14.48	CENTS	CENTS .67
Oil and waste . . . . .	.22	.23		.01
Other supplies . . . . .	.21	.21		
Water supply . . . . .	.55	.55		
Enginemen and firemen	7.84	7.38	.46	
Enginehouse expenses	2.25	2.33		.08
Repairs (excluding renewals)	8.72	9.91		1.19
Total	33.60	35.09		1.49
Total, including renewals	33.86	35.29		1.43
COST PER CAR MILE				
Fuel	CENTS 1.02	CENTS 1.04	CENTS	CENTS .02
Oil and waste . . . . .	.02	.02		
Other supplies . . . . .	.02	.02		
Water supply . . . . .	.04	.04		
Enginemen and firemen . . . . .	.58	.53	.05	
Enginehouse expenses . . . . .	.17	.17		
Repairs (excluding renewals) . . . . .	.67	.74		.07
Total	2.52	2.56		.04
Total, including renewals	2.54	2.57		.03

CLASSIFICATION OF TONNAGE FOR THE YEARS ENDED JUNE 30, 1910 AND 1909

TABLE 13

COMMODITY	1910	1909	INCREASE	DECREASE
PRODUCTS OF AGRICULTURE:—				
Grain	985,725	1,120,293	. . . . .	134,568
Flour	587,390	562,887	24,503	. . . . .
Other mill products.	293,385	334,397	. . . . .	41,012
Hay	282,637	262,178	20,459	. . . . .
Tobacco (unmanufactured)	6,472	7,198	. . . . .	726
Cotton (unmanufactured)	33,798	20,428	13,370	. . . . .
Fruits and vegetables	204,868	188,915	15,953	. . . . .
Other agricultural products	70,851	61,499	9,352	. . . . .
PRODUCTS OF ANIMALS:—				
Live stock	192,030	200,628	. . . . .	8,598
Dressed meats	238,672	238,244	428	. . . . .
Other packing-house products	90,632	134,516	. . . . .	43,884
Poultry, game and fish	11,165	14,376	. . . . .	3,211
Wool	8,723	14,037	. . . . .	5,314
Hides and leather	44,840	42,781	2,059	. . . . .
Milk and cream	85,732	83,016	2,716	. . . . .
Other products of animals	80,330	85,347	. . . . .	5,017
PRODUCTS OF MINES:—				
Ores	745,617	320,968	424,649	. . . . .
Stone, sand and other like articles	1,764,385	1,444,097	320,288	. . . . .
Anthracite coal (net tons)	11,513,475	11,144,452	369,023	. . . . .
Bituminous coal and coke	2,520,921	2,128,684	392,237	. . . . .
PRODUCTS OF FOREST:—				
Lumber	632,315	584,332	47,983	. . . . .
Bark	27,637	23,526	4,111	. . . . .
Other products of the forest	224,168	236,802	. . . . .	12,634
MANUFACTURES:—				
Petroleum and other oils	336,732	328,327	8,405	. . . . .
Sugar and glucose	139,202	110,637	28,565	. . . . .
Iron—pig and bloom	566,917	403,891	163,026	. . . . .
Iron and steel rails	272,940	114,553	158,387	. . . . .
Castings and machinery	213,833	277,681	. . . . .	63,848
Bar and sheet metal	245,239	116,668	128,571	. . . . .
Cement, brick and lime	1,773,817	1,465,503	308,314	. . . . .
Agricultural implements	28,385	37,487	. . . . .	9,102
Wagons, carriages, tools, etc.	19,758	14,675	5,083	. . . . .
Wines, liquors and beers	50,342	55,951	. . . . .	5,609
Household goods and furniture	31,694	17,509	14,185	. . . . .
Copper and lead—pig	343,722	318,744	24,978	. . . . .
Salt	181,941	146,946	34,995	. . . . .
MISCELLANEOUS	2,331,247	2,197,032	134,215	
Total revenue tonnage	27,181,537	24,859,205	2,322,332	. . . . .

INVENTORY OF EQUIPMENT, JUNE 30, 1910

TABLE 14

LOCOMOTIVES	874	ROAD SERVICE EQUIPMENT :—	
Tractive power (pounds)	24,254,993		
PASSENGER CAR EQUIPMENT :—			
Passenger	243	Air-brake instruction	1
Library buffet	3	Box	4
Dining	9	Business	3
Café	2	Derrick	34
Business	4	Locomotive cranes	14
Combination	62	Flat	52
Baggage and mail	26	Gondola	72
Express	72	Gravel dump	213
Fruit	11	Hospital	1
Postal	3	Pile driver	3
Milk	85	Pole	10
Total	520	Scale test	2
FREIGHT CAR EQUIPMENT :—		Snow flangers	18
Box	20,697	Snow plows	9
Stock	92	Spreader	1
Refrigerator	334	Steam shovels	4
Produce	940	Supply	1
Furniture	1	Tool	48
Automobile	300	Tunnel	5
Flat	219	Workmen's	144
Gondola	4,078	Total	639
Set of gun and armor trucks	1	* FLOATING EQUIPMENT :—	
Coal	17,090	Lake steamers	6
Cabooses	406	Tugs	20
Total	44,158	Steam lighters	5
Tons capacity	1,595,667	Fuel lighter	1
		Barges	212
		Car floats	25
		Cattle floats	3
		Hoisting boats	1
		Work boats	4
		Wrecking boats	1
		Total	278

* Does not include Morris Canal equipment.

TABLE 15

STATEMENT OF MILEAGE OF TRACK OPERATED

OWNED BY LEHIGH VALLEY RAILROAD OR CONTROLLED BY OWNERSHIP OF ENTIRE CAPITAL STOCK	FIRST TRACK MILES	SECOND TRACK MILES	THIRD TRACK MILES	FOURTH TRACK MILES	YARD TRACKS AND SIDINGS MILES	TOTAL TRACKS MILES
LEHIGH VALLEY RAILROAD OF NEW JERSEY:						
Main Line—Jersey City, N. J., to Phillipsburg, N. J.	75.07	75.07	25.15	5.79	112.88	293.96
Branches	47.16	18.24	· · · · ·	· · · · ·	142.48	207.88
LEHIGH VALLEY RAILROAD:						
Main Line—Phillipsburg, N. J., to Wilkes-Barre, Pa.	99.28	88.17	35.06	20.04	155.19	397.74
Branches	28.21	.02	· · · · ·	· · · · ·	18.53	46.76
Mahanoy and Hazleton Division:						
Main Line and Branches	131.67	77.25	· · · · ·	· · · · ·	113.93	322.85
Minor Branches to Breakers, &c.	62.07	1.02	· · · · ·	· · · · ·	38.56	101.65
Mountain Cut-Off—Gracedale, Pa., to Avoca, Pa.	18.61	18.10	· · · · ·	· · · · ·	4.79	41.50
EASTON AND NORTHERN RAILROAD:						
Easton, Pa., to Belfast, Pa., and Bushkill Station (Easton) to Thirteenth Street Junction	12.78	· · · · ·	· · · · ·	· · · · ·	4.37	17.15
SCHUYLKILL AND LEHIGH VALLEY RAILROAD:						
Lizard Creek Junction, Pa., to Blackwood, Pa.	41.84	· · · · ·	· · · · ·	· · · · ·	7.70	49.54
PENNSYLVANIA AND NEW YORK CANAL AND RAILROAD:						
Main Line—Wilkes-Barre, Pa., to Pennsylvania State Line	96.56	96.56	2.03	2.03	163.39	360.57
Branches	43.08	1.57	· · · · ·	· · · · ·	39.82	84.47
LOYALSOCK RAILROAD:						
Luzerne, Pa., to Bernice, Pa., and Branches	50.29	· · · · ·	· · · · ·	· · · · ·	9.20	59.49
MONTROSE RAILROAD:						
Tunkhannock, Pa., to Montrose, Pa.	27.36	· · · · ·	· · · · ·	· · · · ·	3.40	30.76
LEHIGH VALLEY RAIL WAY:						
Main Line—Pennsylvania State Line to Buffalo, N. Y.	175.16	175.16	· · · · ·	· · · · ·	188.36	538.68
Waverly Branch—Pennsylvania State Line to Waverly, N. Y. . . . .	.41	· · · · ·	· · · · ·	· · · · ·	1.42	1.83
Ithaca Branch—Van Etten Junction, N. Y., to Geneva Junction, N. Y.	59.49	1.02	· · · · ·	· · · · ·	18.09	78.60
Auburn and Ithaca Branch—Ithaca, N. Y., to Auburn, N. Y.	42.46	· · · · ·	· · · · ·	· · · · ·	10.20	52.66
Cayuga Branch—Cayuga Junction, N. Y., to Cayuga, N. Y.	3.92	· · · · ·	· · · · ·	· · · · ·	1.14	5.06
Rochester Branch—Rochester, N. Y., to Hemlock Lake, N. Y.	29.07	· · · · ·	· · · · ·	· · · · ·	11.35	40.42
Niagara Falls Branch—Niagara Junction, N. Y., to Tonawanda Junction, N. Y.	10.56	10.39	· · · · ·	· · · · ·	1.95	22.90
Naples Branch—Geneva, N. Y., to Naples, N. Y.	29.42	· · · · ·	· · · · ·	· · · · ·	4.54	33.96
Seneca Falls Branch—Geneva Junction, N. Y., to Seneca Falls, N. Y.	8.20	· · · · ·	· · · · ·	· · · · ·	2.46	10.66
Elmira and Cortland Branch—Elmira, N. Y., to Camden, N. Y.	139.14	· · · · ·	· · · · ·	· · · · ·	34.10	173.24
Lehigh and Lake Erie Branch—Tifft Farm, Buffalo, N. Y., to Tifft Farm Junction, N. Y.	10.93	10.93	· · · · ·	· · · · ·	16.42	38.28
Total	1,242.74	573.50	62.24	27.86	1,104.27	3,010.61

STATEMENT OF MILEAGE OF TRACK OPERATED—Continued

CONTROLLED BY OWNERSHIP OF MAJORITY OF CAPITAL STOCK	FIRST TRACK MILES	SECOND TRACK MILES	THIRD TRACK MILES	FOURTH TRACK MILES	YARD TRACKS AND SIDINGS MILES	TOTAL TRACKS MILES
LEHIGH AND NEW YORK RAILROAD:						
Pennsylvania State Line to North Fair Haven, N. Y.	115.37	· · · · ·	· · · · ·	· · · · ·	33.31	148.68
Total	115.37	· · · · ·	· · · · ·	· · · · ·	33.31	148.68
CONTROLLED BY LEASES	FIRST TRACK MILES	SECOND TRACK MILES	THIRD TRACK MILES	FOURTH TRACK MILES	YARD TRACKS AND SIDINGS MILES	TOTAL TRACKS MILES
STATE LINE AND SULLIVAN RAILROAD:						
Monroeton, Pa., to Bernice, Pa.	24.06	· · · · ·	· · · · ·	· · · · ·	3.24	27.30
HAYT'S CORNERS, OVID AND WILLARD RAILROAD:						
Hayt's Corners, N. Y., to Willard, N. Y.	3.82	· · · · ·	· · · · ·	· · · · ·	.30	4.12
Total	27.88	· · · · ·	· · · · ·	· · · · ·	3.54	31.42
TRACKAGE RIGHTS	FIRST TRACK MILES	SECOND TRACK MILES	THIRD TRACK MILES	FOURTH TRACK MILES	YARD TRACKS AND SIDINGS MILES	TOTAL TRACKS MILES
Pennsylvania Railroad—West Newark Junction, N. J., to Jersey City, N. J.	9.40	9.40	· · · · ·	· · · · ·	· · · · ·	18.80
Pennsylvania Railroad—Schuylkill Haven Junction, Pa., to Pottsville, Pa.	4.20	· · · · ·	· · · · ·	· · · · ·	· · · · ·	4.20
Pennsylvania Railroad—New Boston Junction, Pa., to Pottsville, Pa.	10.90	· · · · ·	· · · · ·	· · · · ·	· · · · ·	10.90
Peoples Railway—Minersville, Pa., to Pottsville, Pa. .	3.47	· · · · ·	· · · · ·	· · · · ·	· · · · ·	3.47
Susquehanna and New York Railroad—Barclay Junction, Pa., to Monroeton, Pa.	4.00	· · · · ·	· · · · ·	· · · · ·	· · · · ·	4.00
New York Central and Hudson River Railroad—Tonawanda Junction, N. Y., to Suspension Bridge, N. Y.	14.96	14.29	· · · · ·	· · · · ·	· · · · ·	29.25
New York, Ontario and Western Railroad—Sylvan Junction, N. Y. . . . .	.10	· · · · ·	· · · · ·	· · · · ·	· · · · ·	.10
Total	47.03	23.69	· · · · ·	· · · · ·	· · · · ·	70.72

STATEMENT OF MILEAGE OF TRACK OPERATED—*Continued*

RECAPITULATION	FIRST TRACK MILES	SECOND TRACK MILES	THIRD TRACK MILES	FOURTH TRACK MILES	YARD TRACKS AND SIDINGS MILES	TOTAL TRACKS MILES
Owned or controlled by ownership of entire stock	1,242.74	573.50	62.24	27.86	1,104.27	3,010.61
Controlled by ownership of majority of stock	115.37	· · · · ·	· · · · ·	· · · · ·	33.31	148.68
Controlled by leases	27.88	· · · · ·	· · · · ·	· · · · ·	3.54	31.42
Trackage rights	47.03	23.69	· · · · ·	· · · · ·	· · · · ·	70.72
Total	1,433.02	597.19	62.24	27.86	1,141.12	3,261.43
MILEAGE BY STATES	FIRST TRACK MILES	SECOND TRACK MILES	THIRD TRACK MILES	FOURTH TRACK MILES	YARD TRACKS AND SIDINGS MILES	TOTAL TRACKS MILES
Pennsylvania	658.38	282.69	37.09	22.07	562.12	1,562.35
New York	643.01	211.79	· · · · ·	· · · · ·	325.67	1,180.47
New Jersey	131.63	102.71	25.15	5.79	253.33	518.61
Total	1,433.02	597.19	62.24	27.86	1,141.12	3,261.43

1910

1910

ANNUAL REPORT

OF THE

OPERATIONS

OF

THE LEHIGH VALLEY COAL COMPANY

FISCAL YEAR ENDED JUNE 30, 1910

ANNUAL REPORT

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THE LEHIGH VALLEY COAL COMPANY

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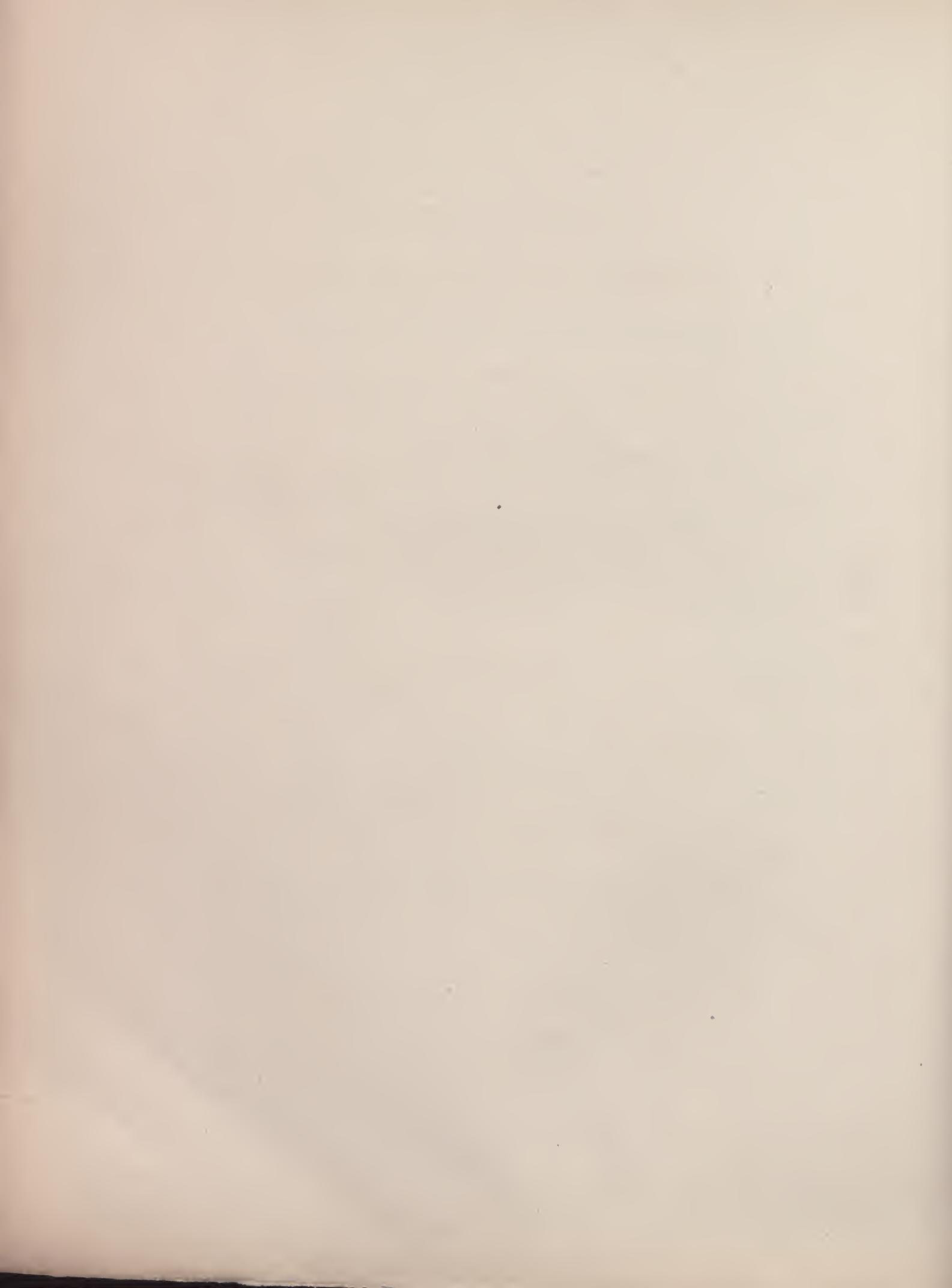
THE LEHIGH VALLEY COAL COMPANY

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L. A. TOMPKINS.....	<i>Auditor</i>



THE LEHIGH VALLEY COAL COMPANY

REPORT OF OPERATIONS

PHILADELPHIA, August 9, 1910.

The Board of Directors submit herewith the annual report of the operations conducted by The Lehigh Valley Coal Company for the fiscal year ended June 30, 1910.

The net income from operations amounted to \$1,136,542.98, an increase of \$761,090.82, as compared with the preceding year.

The total production of anthracite coal from lands owned and controlled by The Lehigh Valley Coal Company and affiliated companies was 8,092,940 gross tons, an increase of 358,862 tons, or 4.64 per cent., as compared with the previous twelve months.

The percentage of sizes above pea produced from the mining operations was 64.54 per cent., an increase of 1.6 per cent.

The bituminous coal mined from the Snow Shoe property amounted to 234,978 gross tons, as against 288,457 tons last year.

The improved earnings of the Company are, in the main, due to the increased sales of coal, the demand for which was greater than during the previous year and to the fact that the mining has been so conducted as to counteract, wherever possible, the constantly increasing cost of operation naturally resulting from the greater depth and extension of the underground workings.

The marked increase for the year in the percentage of prepared sizes, notwithstanding the greater tonnage that is being mined from smaller and inferior veins, emphasizes the importance of continuing the policy of remodeling breakers so as to improve the preparation. This practice has been consistently followed in recent years and the results are further shown by the increased tonnage which it has been possible to secure from the raw product as delivered by the mines. Substantial progress has also been made in the concentration of operations, installation of electric or compressed-air haulage systems, erection of modern power plants and the improvement of machinery and appliances generally.

The property has been fully maintained and extensively developed to provide for an increased production of coal. The total expenditures for Additions and Betterments during the year, and which were deducted from income or accounts other than Cost of Mining, amounted to \$369,788.

The work of rebuilding and enlarging the Hazleton Shaft Breaker has been completed and the same is now in operation, preparing not only the coal from that working, but from Deringer Colliery as well. In connection with this improvement a new pumping plant is being installed. The total amount of the expenditure was \$82,218.

The Mineral Spring Breaker was destroyed by fire during the year. The same was fully covered by insurance and is being rebuilt. The new breaker will be practically fire-proof, of steel and concrete construction, and of a design incorporating modern methods of preparation that will produce better results than the old plant.

The Westmoreland Colliery, having reached a condition requiring extensive repairs, was remodeled so as to permit of handling an increased tonnage on a more economical basis. The cost of the same was \$26,361.

Heidelberg Breaker No. 1 has been further improved. At Prospect Colliery the breaker pockets have been rebuilt of steel and a new repair shop erected. Additions have also been made to the electric haulage system at that point. An electric hoist and haulage system is being installed at Dorrance Colliery. Similar power-transmission systems are being placed in the various collieries not so equipped as rapidly as conditions warrant.

The Stevens Coal Company, which had been conducting operations on lands leased from your Company many years ago, desired to surrender that lease. Accordingly the same was cancelled during the year under an arrangement whereby your Company purchased the breaker plant and other improvements on the property, paying therefor on a royalty basis as the coal is mined, and assuming \$61,000 of bonds issued by the Stevens Company. These bonds were taken up and are now in the treasury. To effect greater economies in operation, the breaker at William A. Colliery has been remodeled and enlarged to permit of handling, in addition to its own tonnage, the coal heretofore prepared by the Stevens Breaker. In view of the limited capacity of the latter, it will be converted into a washery, in connection with which a conveyor and the necessary machinery to reclaim the culm bank at the Stevens Colliery are being installed.

Your Company further has taken over the operations of the Buck Mountain and Vulcan Collieries heretofore conducted by the Mill Creek Coal Company. That Company had been mining from lands owned by your Company under a lease, which expired January 1, 1910. Such of the machinery and plant as would meet the requirements of modern operation were purchased at an appraised value. The breakers, however, were not so acquired, although they are being operated by your Company under a temporary lease. A new concrete and steel breaker is being constructed at Buck Mountain, together with the necessary boiler plants, shops, engine houses and other facilities, all of fire-proof construction. When completed, it will prepare the coal now handled by the two old breakers, the lease of which will be surrendered.

Blackwood Colliery resumed operations during the latter part of the year, having been idle since 1908 owing to the scarcity of water necessary for its operation.

The sale of coal has been extended into further territories and additional facilities provided to enable the marketing of an increased production. New retail pockets have been constructed as a part of the coal storage plant at Milwaukee.

The Snow Shoe Mortgage Bonds, amounting to \$342,500, matured January 1, 1910, and were paid off, and the mortgage satisfied of record. The payments into the sinking

The Lehigh Valley Coal Company

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fund required by the provisions of that mortgage produced a fund sufficient to retire more than a majority of the bonds, the balance being taken out of current cash. The property subject to the lien of this mortgage, consisting of bituminous coal lands located in Center County, Pennsylvania, is now free from any encumbrance.

The payments made by your Company into the sinking fund under the Delano Land Mortgage, together with the income from investments therein have not only reached a total in excess of the outstanding bonds secured by the mortgage, but will, if continued, produce a fund several times greater than the amount of bonds. Accordingly a petition is now before the Supreme Court of Pennsylvania, seeking the discontinuance of further payments into the said fund. If the same is acted upon favorably by the Court it will enable a considerable saving in the charges of the Company that can in no way, it is believed, act adversely to the interests of the bondholders.

The usual sinking fund payments, as required by the various mortgages on your property, have been made and amount to \$133,075 for the year.

The Advance Royalty Account has been reduced by the sum of \$24,288.46.

Current Assets are \$5,680,512.24 in excess of Current Liabilities, a net increase over the preceding year of \$732,361.61.

Messrs. Irving A. Stearns and Frank W. Wheaton were elected Directors to fill vacancies caused by the resignations of Messrs. George F. Baker and J. A. Middleton.

The financial condition of the Company is set forth in the accompanying statements.

The accounts for the fiscal year, together with the cash and securities of the Company, have been verified by certified public accountants, whose certificate appears hereafter.

By order of the Board of Directors,

E. B. THOMAS,

President.

HASKINS & SELLS

CERTIFIED PUBLIC ACCOUNTANTS

30 BROAD STREET

NEW YORK

LONDON, E. C.

30 COLEMAN STREET

CHICAGO

MARQUETTE BUILDING THIRD NATIONAL BANK BUILDING WILLIAMSON BUILDING FARMERS BANK BUILDING

CABLE ADDRESS "HASKSELLS"

NEW YORK, August 8, 1910.

Mr. E. B. Thomas, President,

The Lehigh Valley Coal Company,

Philadelphia, Pa.

DEAR SIR:

In pursuance of our engagement, we have audited the books and accounts of The Lehigh Valley Coal Company for the fiscal year ended June 30, 1910, including confirmation of the accounts representing cash, securities, and notes, either by physical examination of such assets or by obtaining certifications of depositaries and trustees as to their custody; and

WE HEREBY CERTIFY that the accompanying Profit and Loss Account for the year and Condensed General Balance Sheet at the close of the year are correct.

Yours truly,

(Signed) **HASKINS & SELLS,**

Certified Public Accountants.

THE LEHIGH VALLEY

Dr.

CONDENSED GENERAL

ASSETS

PROPERTY AND PLANT	\$18,971,962 60
SECURITIES OWNED	100,000 00
SINKING FUNDS IN HANDS OF TRUSTEES	1,916,425 77
ADVANCES FOR COAL MINING RIGHTS	4,869,136 62

CURRENT ASSETS:—

Cash on deposit and in transit	\$792,194 84
Stock of coal on hand	3,959,224 99
Materials and supplies	304,828 48
Bills receivable	56,464 40
Due from individuals and companies	4,841,947 61
	9,954,660 32

DEFERRED AND SUSPENDED ASSETS:—

Premiums on unexpired insurance and other deferred assets	86,118 56
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TOTAL ASSETS

\$35,898,303 87

COAL COMPANY

BALANCE SHEET, JUNE 30, 1910

Cr.

LIABILITIES

CAPITAL STOCK	\$1,965,000 00
FUNDED DEBT	12,796,000 00
CERTIFICATES OF INDEBTEDNESS	10,537,000 00
 CURRENT LIABILITIES :—	
Audited vouchers	\$3,234,509 58
Wages due and unpaid	417,068 31
Due to individuals and companies	154,191 37
Royalties on coal mined, due lessors	34,708 28
Interest on funded debt, due July 1, 1910	313,900 00
Interest due on funded debt, unclaimed	6,020 00
Taxes due and accrued	113,750 54
	4,274,148 08
 DEFERRED AND SUSPENDED LIABILITIES :—	
Royalties received from lessees in excess of coal mined	\$73,563 87
Royalties in dispute and suspended	129,995 26
Deferred real estate payments	167,355 75
Miscellaneous	182,244 82
	553,159 70
 RESERVE ACCOUNTS :—	
Depreciation and other reserves	2,379,553 42
 PROFIT AND LOSS	
	3,393,442 67
 TOTAL LIABILITIES	
	\$35,898,303 87

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 1910

	DR.	CR.
Balance, July 1, 1909		\$2,272,897 45
Miscellaneous adjustments	\$15,997 76	
Net income for year ended June 30, 1910		1,136,542 98
Balance, June 30, 1910	3,393,442 67	
	\$3,409,440 43	\$3,409,440 43
Balance brought forward, July 1, 1910		\$3,393,442 67

STATEMENT OF FUNDED DEBT, JUNE 30, 1910, AND YEARLY INTEREST THEREON

DESCRIPTION	AMOUNT OUTSTANDING	DATE OF MATURITY	RATE	INTEREST WHEN DUE	AMOUNT
The Lehigh Valley Coal Co.:—					
First Mortgage Bonds, issue of 1892	\$10,114,000	Jan. 1, 1933	5% gold	Jan. and July	\$505,700
First Mortgage Bonds, issue of 1892	1,400,000	Jan. 1, 1933	4% gold	"	56,000
Delano Land Company:—					
First Mortgage Bonds	1,082,000	Jan. 1, 1932	5% gold	"	54,100
Wyoming Valley Coal Co.:—					
Consolidated Mortgage Bonds	200,000	July 1, 1917	6%	"	12,000
Total	\$12,796,000				\$627,800

THE
LEHIGH VALLEY
COAL CO.

1910.